DAILY MARKET LETTER

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MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

January 4, 1960

The USDA in looking ahead to 1960 anticipates a continuation of the decline in average prices received by farmers, but expect only a slight drop for the calendar year. They also state that a slight rise in the costsof farm production and marketing is in prospect, and that a further drop in realized net farm income is expected, although not as big a drop as occurred in 1959. Ample food supplies and a slight decline in retail food prices are also looked for.

Commenting on specific commodities, they state that although the 1959 wheat crop is nearly one-quarter less than in 1958, it is still somewhat higher than anticipated domestic disappearance and exports for 1959-60, and that accordingly the total carryover on July 1, 1960 is expected to be larger than the record quantities on hand July 1, 1959. Totalsupplies of feed grains and other concentrates have been tending upward for the past seven years, reaching a high of 265 million tons for the 1959-60 year. With a record feed grain crop in 1959, total supplies are at an all-time high, and the carryover of feed grain stocks at the beginning of the 1960-61 marketing year is expected to increase somewhat further, and feed grain prices are expected to average a little lower in 1959-60 than in 1958-59. Supplies of edible fats, oils, and oilseeds in 1959-60 may be around 8% above the 1959 record. This increased supply, together with lower support prices for oilseeds, will mean somewhat lower prices for these food fats. However, increases in exports may prevent a further rise in the total carryover of food fats.

Supplies of cotton for 1959-60 total about 23.7 million bales, up 3.4 million from last year, but with anticipated increases in exports and domestic consumption, the carryover at the beginning of the 1960-61 marketing year may be about the same as the 8.9 million bales on hand August 1, 1959.

In meat animals, 1960 production is expected to be somewhat larger than last year, but a very high level of demand should continue. Hog prices are likely to continue near present levels during the winter and spring. The total 1960 spring crop may be down slightly from 1959 with hog prices in the fall and winter of 1960-61 as high, or somewhat higher, than in the same period of 1959-60. Total slaughter of cattle and calves will be larger than in 1959, and any rise in cattle prices during the spring is unlikely to be as marked as in the spring of 1959, while somewhat lower prices are expected in the last half of the year compared with the last half of 1959.

30 March 1983

When markets opened this morning the major item of interest in the news was the announcement that the eight-month old steel strike had finally been settled, and according to news reports Vice President Nixon took an active part-in bringing negotiations to a successful close. There was little news to affect commodities, and in most cases the bullish feeling that had been in evidence before the long weekend holiday began was still apparent with markets mostly opening on a firm note. Considerable attention is being paid to wheat, and to the possibility that additional sales of red wheat may be made for shipment out of Chicago, which if they materialize in quantity could have quite a bullish effect. There were no export sales of wheat reported today, although mills were submitting offerings this morning to CSS on 1,337,000 CWTS of flour for export relief. Most attention was paid to the nearby wheat future, which gained somewhat compared to the more deferred months.

Beans also opened higher, but best prices were not maintained. A news item reported that the West German demand for oilcakes and meals has increased considerably in recent months, as a result of short supplies of cattle feed in most parts of that country. However, even though imports of oilcakes and meal into West Germany are not restricted the government does not expect any large increase in imports in view of generally tight world supplies and high prices; also since German importers and end-users see very little likelihood of any significant price decline.

Statistics on Chicago stocks for last week showed that wheat decreased 161,000 bu, leaving a total of approximately 9 million bu here. Corn decreased 332,000 bu, making total stocks here now approximately 29 1/2 million bu. Beans also decreased 126,000 bu, leaving total stocks here about 12.4 million bu. Primary receipts of wheat were 1.2 million bu vs 1.2 million bu last week and 2.1 million bu a year ago.

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CHICAGO, 4

January 5, 1960

As 1960 gets under way, expressions from several sources are already being made regarding our agricultural situation. This morning Senator Stuart Symington, a potential Presidential candidate, announced that he would soon introduce legislation for a new farm bill, while Secretary of Agriculture Benson told a recent news conference that many members of Congress --Republicans and Democrats alike --were deeply concerned about the huge wheat surplus, and he is confident that the returning Congress will do something about what he calls, "The nation's number one farm problem." We presume that as the year progresses many comments will be forthcoming from spokesmen of both our great political parties, and that various suggestions will be offered.

In our opinion there is one basic fundamental that must be resolved if any farm program is to succeed in halting the dilemma that has been building up for many years: namely, we must discard any legislative provision that establishes government shelter for farm production by way of a default loan program, whereby government eventually becomes the owner of crops produced on our nation's farms. Economic law requires that the food and fiber grown by the farmer be marketed and consumed for the benefit of all, including both the producer and consumer in their capacity as taxpayers. In order to accomplish this purpose, while at the same time halting the ever-increasing role of government in agriculture, recognition must be given to the fact that any national farm program that continues to provide a system whereby defaulted loans result in government ownership of crops can serve only to increase and continue the surplus problems that now face us. We sincerely hope that all those concerned with suggesting and establishing national farm policies will recognize the necessity of creating a program that abandons the default loan provisions of the present law. Whatever other suggestions and recommendations may be made will, of course, be subject to the advice and criticism of all individuals and groups concerned with farm legislation, but unless those responsible for our national farm policies take cognizance of the principle we have discussed above, we are fearful that any new legislative efforts will fail to bring about a lasting solution of our present problem.

We would like to refer again to a subject that we have discussed frequently in this letter, namely, a two-price system for wheat. The adoption of such a program would be a constructive effort towards permitting markets to resume their normal functions and would recognize that we have never been able to find a better method of getting products into consumption than through supply and demand. We realize that putting such a-program into effect could not be done overnight, and that some temporary stop-gap methods would be necessary, but we are firmly convinced that the adoption of such a program would ultimately be of great benefit to both the agricultural community and to the consumer.

When our market opened this morning there was not too much in the way of news to guid it. The weather has turned quite cold in the northern part of the grain belt. There was also some moisture overnight in Texas. Wheat encountered a little pressure in spite of the fact that there is some additional red wheat export business anticipated. The Arab Republic has asked for tenders on 30,000 tons to be offered Friday, and at the same time they expect to buy an equal quantity of white wheat and flour. India is also inquiring overnight for both hard and soft wheat for acceptance this weekend. Offsetting this were reports that more wheat came out in Oklahoma and Texas, also northwestern Kansas and Colorado with prices in those areas above the net loan, and in some cases over the gross loan.

When the visible was posted, wheat showed a decrease of 1.3 million bu leaving a total of 397.8 million or 39.2 million more than last year. Corn decreased 100,000 bu leaving a total of 113.5 million or 28.5 million more than a year ago. Beans decreased 391,000 bu leaving a total of 34.4 million or 1.1 million less than last year.

Late in the session it was reported that Pakistan had bought a total of 1,560,000 bu of hard wheat for February shipment and India thus far a total of 3 million bu western white wheat for February shipment. USDA reported that 2,755,449 bu of soybeans were inspected for overseas export in the week ended December 31, 1959. Current season's cumulative exports and inspections for export total 53,491,449 bu vs the previous season's total of 38,819,937 bu.

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CHICAGO, 4

January 6, 1960

According to a report of the USDA Agricultural Marketing Service, the outlook for food fats and oils in the 1959-60 marketing year is dominated by the record large supplies in prospect. Although both domestic and export demand is expected to continue strong, prices of the major food fats, excluding butter, are likely to average somewhat lower than in the past year, mainly because of larger production. Beginning stocks of food fats, including oil equivalent of the soybean carryover on October 1, 1959, were up sharply, and the output will be greater. Prospects are that the total supply of edible fats, oils, and oilseeds in 1959-60 will be nearly one-tenth above the record disappearance last year, and 5% above the supply available last year. Fortunately, the export outlook is favorable, and current indications are that through September 1960 they may total about 3.6 billion pounds compared with the record 3.3 billion pounds shipped abroad in 1958-59.

The 1959-60 supply of soybeans will about equal last year's supplies. However, because of a difference in distribution of ownership, occasioned by the re-seal program and the government's selling policy, prices to farmers in 1959-60 are expected to average a little above the $2.00 per bu received last year. Cottonseed production in 1959-60 is placed at 28% more than a year ago, while the cottonseed oil output is forecast at 1,900 million pounds, about 400 million pounds above last year. Lard output is forecast at 2.9 billion pounds-- about 7% more than the previous year.

The domestic flaxseed situation during 1959-60 is expected to be relatively tight. The 1959 crop dropped sharply about 45% from last year to approximately 22 million bu, and stocks are low. The generally tight situation means that prices to farmers this year will average sharply above the $2.69 received for the 1958 crop.

An announcement from Washington stated that the Wheat Utilization Committee will send a technical mission to the Far East to explore possibilities of making more effective use of wheat in that area. The group will investigate and make recommendations upon the possibilities of increasing the use of wheat to improve nutritional levels, the extent to which wheat can be utilized in furthering economic programs, and the extent to which promotional and marketing development projects might eventually increase commercial outlets for wheat in the Far East areas. The formation of this fact-finding mission is in line with President Eisenhower's request that wheat exporting countries explore anew the possibility of using increased quantities of surplus foods to bolster world peace.

After the close yesterday a processing firm tendered about 1 million bu soybeans, which caused moderate weakness when the market opened today. However, declines did not extend very far, and when some support became evident the market turned very strong and ran into some stop-loss buying. The products also gave a good account of themselves. Wheat also was under pressure at the start, but rallied later in the session.

Reports from the Southwest indicated that wheat appeared to be coming out in considerable volume in Kansas and adjoining states. Reports at line elevators varied to a marked degree, but interior merchandisers pressed wheat for sale more vigorously than in some days.

In export circles it was reported that UAR had bought 10,000 tons of white wheat for export shipment out of Albany, and that India took a further interest in 10,000 tons of Pacific white wheat for February shipment. India is asking for offers overnight on hard winters with the possibility that very heavy purchases may be made. It is also reported that the UAR will receive tenders Friday on 30,000 tons each of red and white wheat. According to The Southwestern Miller flour sales are of a modest total in hard winters and springs alike, and a slightly better demand also developed for soft flours.

Primary receipts of wheat were 1.6 million bu vs 459,000 bu last week and approximately 900,000 bu last year. So far this week Kansas City and Minneapolis stocks have decreased 55,000 bu.

Markets were all firm, although soybeans and soybean meal reacted from their highs. Tomorrow President Eisenhower will deliver his "State of the Union" address, and there may have been some evening up of positions prior to his speech since there is speculation that he may make some suggestions for disposing of some of our surpluses.

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CHICAGO, 4 January 7, 1960

The rally in grains yesterday seemed to have been occasioned by speculation that the President, in his address to the Congress today, may make some proposals for disposing of American crop surpluses abroad through a "food for peace" program. Exactly what the President may say will be known a little later this morning, and markets started off the day relatively quiet, though undoubtedly traders are awaiting with much interest the President's comments. It is expected that much of the address may be concerned with the administration's plans to push for relief of world tension, and the President is also expected to review the results of his recent worldwide tour. It is also anticipated that the President will present a budget calling for expenditures of around $81 billion, with the expectation that revenues for the fiscal year 1960-61 will result in a balanced budget. In the latter part of this letter, we shall attempt to highlight the President's address, with particular reference to any comments that he may make affecting our agricultural situation.

There was not much feature to the wheat market at the opening. Very large sales of white wheat were made to India from the North Pacific, with indicated purchases of over 100,000 tons, and it was also reported that about 50,000 tons of hard wheat was sold to that country. There was also some red wheat sold out of Chicago yesterday to go East. According to The Southwestern Miller, flour demand is limited but moderate interest prevails and mills hope for some enlargement in volume.

Activity in corn also seemed rather limited even though very little corn was booked for Chicago overnight. Early in the session spot corn sold at 2 1/2¢ over the March future but later bids were lower. Soybeans, as sell as both oil and meal, were all slightly lower. The government agency sold over half a million bushels of beans in Iowa yesterday, and prices in Illinois are about equal to their selling formula, although there are only about a million bushels for sale in this state. Deliveries on the January future appear to be circulating rather generally, at least so far.

The President's message touched on many subjects and his comments about our agricultural situation were directed chiefly to the need for new farm legislation. He noted that the present farm law is basically one that began 27 years ago during the midst of a period of depression, and which had been altered mainly in later years to meet the needs of a war-torn world. He cited the need for abandoning the archaic out-moded programs of the past, for legislation that would gear farm production more closely to markets, adjusting to the scientific progress and technological developments that have taken place, make costly surpluses more manageable, provide greater freedom for farm operations, and steadily achieve higher net farm income. The President also urged the world's industrialized free nations to join the United States in a vast economic aid campaign against poverty in underdeveloped countries, and also asked prospering nations to accept a bigger share of the foreign aid burden. The President pictured the current year as one of record prosperity at home, and stated that for the fiscal year ending June 30th the federal budget would show a surplus, and also that a balanced budget will be proposed for the next fiscal year.

After the recent cold spell, temperatures have moderated generally throughout the country, and no precipitation of consequence is looked for in the major-grain producing areas. However, weather is not a factor at the moment, and to-date it has been quite satisfactory generally.

The Agriculture Department today announced a trade agreement with Greece whereby that country will buy $6,300,000 worth of surplus feed grains for Greek currency. In export-circles it was reported that Japan had bought 12,000 tons of soybeans for March-April shipment.

Primary receipts of wheat today were 466,000 bu vs 540,000 bu last week and 1,121,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks show a decrease of 181,000 bu.

Late reports indicated that India purchased a total of about 157,000 tons of hard wheat, but in spite of these heavy purchases the market was unchanged to lower. Corn was fractionally higher and prices paid in Central Illinois for cash corn were firm. Rye was noticeably weak, and beans also sold off.

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CHICAGO, 4 January 8, 1960

A current USDA report shows that in the fiscal year 1959, the U. S. supplied 17% of the world's export volume in commodities. The dollar total was $3.7 billion compared with $4 billion in 1958, and $4.7 billion record in 1957. Of the $3.7 billion in exports, $1.3 billion moved under government-financed programs and $2.4 billion commercially for dollars. Of the commercial total $1.6 billion was exported at prevailing domestic market prices, and the remaining $0.8 billion represented estimated sales at less than domestic market prices, primarily cotton, wheat, and feed grains.

Other interesting statistics show that in 1959 agricultural shipments required financing, inland transportation, storage and ocean shipping for 32 million long tons of cargo, enough to fill 800,000 freight cars, or 3,200 cargo ships. In moving them, an average of 9 ships a day weighed anchor.

Breaking the statistics down for each commodity-- 443 million bu of wheat and flour equivalent was exported. Of this 69% moved under specified government programs. The export quantity was 30% of the U.S. 1958 wheat production, and 36% of world wheat trade. A new export record of 103 million bu of soybeans was shipped during the July-June period, 11% moved under specified government programs, and the total constituted 65% of the world trade in soybeans for the calendar year 1958. Soybeans and cottonseed oil exports represented the second highest exports of record at 1,080 million pounds, of which three-quarters was soybean oil, and one-quarter cottonseed oil. These oils, plus the oil content of exported oilseeds, represented 74% of world trade in these oils for the calendar year 1958.

Record exports of corn, barley, oats, and grain sorghums amounted to 12 million short tons. These shipments represented 19% of U.S. 1958 feed grain sales by farmers, and 53% of the world feed grain trade. Cotton declined to the fourth lowest volume of exports in the post-war period, amounting to 3.1 million running bales. Of this quantity 59% moved under specified government programs, and represented 27% of U. S. 1958 cotton production, but only 22% of the world cotton trade (August 1958-July 1959). Four-fifths of the total U.S. agricultural exports in the fiscal year 1959 went to 20 markets, and two-thirds went to 11 countries that each took over $100 million worth.

The nearby soybean meal future closed at a new high yesterday and registered new highs this morning. Beans opened firm and we understand that the CCC Evanston, Illinois, office sold about a million bu soybeans during the past week that were located in Iowa. As of the first of the year they were believed to have had 5 1/2 million bu of Iowa beans left, of which about 2 million was in country elevators and the balance at terminals, which would be higher priced to overcome any inbound freight value. They are also thought to have about 2 1/2 million bu at both terminal and country locations in Illinois, and in addition Minneapolis has 2 3/4 million, and southwestern CCC offices also have some soybeans in their possession.

It was reported that CSS late yesterday made awards on more than 1,300,000 cwts of flour and around 300,000 cwts of corn meal for export relief. It is expected that the UAR may buy 30,000 tons red wheat and the same quantity of white wheat over the weekend although the trades may possibly be consummated today. The Southwestern Miller reported that red wheat was firm to strong, possibly 1¢ up at some central states points, while merchandisers again offered hard winter proteins in big volume with round-lot sales being made. USDA announced an agreement with Israel under P. L. 480 providing for the financing of $30.2 million worth of U.S. agricultural commodities, including certain ocean transportation costs for Israeli currency. The allocation included approximately 6.7 million bu - wheat or wheat flour and 7.8 million bu feed grains, plus some cottonseed or soybean oil, cotton, rice, and tobacco.

Primary receipts of wheat were 880,000 bu vs 1,311,000 bu last year; the comparable day last week was a holiday. So far this week Kansas City and Minneapolis wheat stocks have decreased 186,000 bu. When the wheat visible is posted on Monday, it will compare with a decrease last year of almost 3 million bu.

With the exception of corn, markets were strong. May wheat made a new high on the crop, soybean meal also made new highs, and the strength in products help contribute to the firmness in soybeans. Rye was also higher, with the March future in particular attracting support.

UHLMANN GRAIN CO.

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CHICAGO, 4 January 11, 1960

According to various observers the prospect of any new general farm legislation being put into effect during the last session of the 86th Congress seems rather remote. The President in his "State of the Union" message, without indicating any significant change from previous recommendations of the Administration, called for legislation that would gear production more closely to markets, make costlysurpluses more manageable, and provide greater freedom of farm operations. It is thought now that the maximum the White House may propose later on will be legislation aimed particularly at wheat, and Secretary Benson has already advocated a program that would remove acreage controls and cut wheat price supports to a level geared to the past immediate three years national average market prices for wheat, and which would fix a percentage level support for wheat on a basis related to feed grains. It is highly improbable whether a majority in Congress would accept this type of program.

The two-price plan for wheat still seems to have some supporters, but whether or not legislation affecting a single commodity can be effected is questionable. In addition, from past comments, it seems most unlikely that USDA would support this type of program. However, in our humble opinion such a plan would be more effective toward ultimately solving the wheat problem than any other suggestions that have been made.

A USDA report on cash grain prices for the week ended January 7th, shows that most cash grains held firm. Wheat was mostly unchanged, except for some weakness in winter wheat in the Southwest, and strength in white wheat in the Pacific Northwest. Rye weakened slightly, despite light receipts at Minneapolis. Corn was higher at the principal markets, with strength stemming largely from limited offerings. Soybeans,also influenced by light offerings and better action in the oil and meal markets, ruled firm. Oats were generally unchanged as the lack of offerings restricted trading.

During the past several days cash wheat in the Southwest has been sold rather freely, and there were good receipts this morning at all southwestern markets. Premiums on ordinary wheat remained firm, although protein values have declined somewhat. This has caused Kansas City wheat futures to lose ground on Chicago, particularly the May future.

When markets opened this morning both wheat and soybeans were higher. Meal futures continued to make new highs, and this strength was reflected in beans. Both red wheat and white wheat, as well as flour, had been offered to the UAR over the week-end, and it was thought that that country took 3 cargoes of white wheat and 1 cargo of red wheat-- the latter from the Gulf. According to The Southwestern Miller farm selling in the Southwest was still fairly heavy, but was showing evidence of shrinking.

Exports of wheat and flour during December totaled around 36 million bu, and for the first six months of the season amounted to around 202 million bu, or a little under the 204 million exported the first half of the 1958-60 season. Corn - exports estimated at 22 million bu in December brought the total for the October-December quarter to 63 million bu vs 55 million for the comparable quarter a year ago. A record of 24 million bu of soybeans was exported during December, and brought the first quarter's exports to 56.5 million bu compared with 38 million the same period last year. As had been expected, Chicago stocks of grains decreased during the past week. Wheat stocks declined 425,000 bu, leaving 8,613,000 bu in elevators here; local corn stocks decreased 482,000 bu, leaving 29,115,000 bu. Elevator stocks of beans decreased 524,000 bu, leaving 11,869,000 bu on hand here, plus 42,000 bu afloat.

In spite of the fact that deliveries of beans on January contracts continue to circulate and that approximately 1 million bu were tendered on Friday, the market was higher most of the session, and the strength in meal was undoubtedly a contributing factor. Wheat also was firm, although best prices were not maintained. Corn, on the other hand, was fractionally lower, and the advance in the country prices last week apparently brought about increased selling by farmers. Both beans and meal encountered some pressure late in the session, and closing bean prices were actually lower. Early firmness in rye did not hold and final prices were lower. This afternoon a government report will be issued on farm stocks of grain as of January 1st.

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CHICAGO, 4 January 12, 1960

Yesterday afternoon USDA issued a crop report showing stocks of grain on farms as of January 1st, and reported that farm stocks of wheat were estimated at 332 million bu, 27% less than a year earlier and 3% below average. The disappearance of wheat from farms during the October-December quarter was placed at 124 million bu as compared to 187 million during the same quarter in 1958, and the average of 129 million for the period. The decrease in farm stocks generally reflected a smaller 1959 production. Farm stocks of corn were estimated at 3,094 million bu, the largest of record, and was the result of two consecutive years of record high production. Disappearance of corn from farms during the October-December quarter was 1,226 million bu, 11% above a year earlier, but due to the record crop farm stocks were still nearly 400 million bu more than on the same date last year.

Soybeans stored on farms January 1st were estimated at 198 million bu. This is only 4 million less than the record 202 million bu on farms a year ago, but is 75% more than the 10-year average. Resealed soybeans still on farms January 1st are included in the farm totals and as of November 30th, the latest date available, this total amounted to nearly 14 million bu. From a supply of 555 million bu on October 1, 1959 (1959 production of 537.9 million plus 17.1 million farm carryover) the movement from farms for the October-December quarter amounted to about 357 million bu. This compares with 380 million bu for the same quarter in 1958 from a slightly larger supply. A considerable amount of soybeans was combined before October 1st, and some new crop soybeans were processed before that date. This quantity is included in the apparent disappearance for the October-December quarter.

Stocks of oats on farms January 1st were placed at 699 million bu--26% below a year ago, 15% below average, and the lowest since 1940. Disappearance from farms during the October-December quarter of 199 million bu was 50 million bu less than the same quarter a year earlier, and 30 million bu below the average for this quarter.

In commenting on general crop conditions, the report stated that early December was fairly favorable for pushing the lagging fall harvest in the north central and southeastern areas to near completion, but scattered fields of corn and an occasional soybean field still remained to be gathered after January 1st. Winter wheat received light and shortlived snow cover during December but predominantly mild temperatures prevented any injury to the crop, most of which was seeded late and made only limited fall growth. Moisture supplies are mostly adequate or better as the Southern Great Plains were relieved by amounts sufficient to sustain needs for the remainder of the winter. A surge of cold arctic air over the northwestern and north central areas early in January was preceded by snow that minimized cold damage to fall-sown grains.

There was quite good moisture in the Southwest and winter wheat areas as well as fairly heavy rains over the Central States. Markets opened steady to somewhat easier, and there was no particular news affecting markets. In export circles it was reported that the UAR bought 45,000 tons of flour yesterday, also that Western Germany had purchased 3,000 tons hard wheat at the Gulf, Pakistan 5,000 tons hard wheat at the Gulf, and 3,500 tons soft wheat at the Atlantic. An ICA authorization for four cargoes of red wheat was issued to Israel, and it is expected that purchases may be made in the near future. In spite of both the reported and anticipated export business in wheat the market was lower. Corn was steady, although the spot basis was fractionally lower, and trade in that commodity in general appeared quite light. Soybeans, as well as their products were also lower. Tenders against the January contract yesterday totaled 611,000 bu, and evidently continue to circulate. It was reported that government sales of about 400,000 bu of beans were made yesterday at Iowa points.

Primary receipts of wheat were 1,258,000 bu vs 820,000 bu last week, and 1,807,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 127,000 bu.

Beans rallied quite sharply from their low point, and actually closed higher for the day. Corn also acted firm, but wheat showed little recovery power, particularly the March future. Oats also rallied and closed fractionally higher.

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CHICAGO, 4

January 13, 1960

The results of the parity concept and commodity support loans based on this idea were revealed statistically in a rather startling manner in an article published by the Foundation for Economic Education commenting on an official list of all growers who received government checks for $50,000 or more in price support loans on their 1958 crops that was furnished to the Congress. One rice producer got a loan of $5,369,078, another $1,331,723. The top barley check was for $1,140,431. The largest loan check in wheat was $515,265; in soybeans $307,322; in oats $247,954; in grain sorghums $120,885; in flax $78,766; in rye $44,074; peanuts $34,017; in honey $27,324. Individual parity checks in cotton, corn, and tobacco were not itemized in the USDA report, the tabulation showing only that 102 corn farmers and 249 tobacco growers were eligible for loans in the range of $50,000 and up, along with approximately 2,000 cotton growers. This congressional examination of the larger price-support loans was in no way directed to any hint of corruption or irregularity, and all parity payments reported were precisely in accord with the letter of the law.

Throughout the country 117 wheat growers received 1958 loans in excess of $50,000 each for a total of $9,117,417. Individual loans greater than $50,000 each made up 25.3% of all funds loaned on rice that year; 9.9% of all loans on dry beans; 7.8% of all barley loans; and roughly 1% of all price-support checks in wheat, oats, and soybeans.

Another USDA tabulation listed individual payments of $10,000 or more for acreage temporarily retired from production during the crop year 1957. One wheat grower got $322,012, a western cotton grower $209,701, and in this list was another group of 67 farmers who received checks of $50,000 or more for lands withdrawn from production. For the entire country there were 2,422 soil-bank payments of $10,000 or more. These payments covered 1,597,661 acres on which no crops were raised, the government paying $43,855,793 for the combined non-production - an average of roundly $28 per empty acre. Total soil-bank acreage retired for 1957-58 was 23 million at an average federal cost of $28.55 per acre. Any farmer eligible to put 160 acres into Uncle Sam's soil-bank that year at the average rate was assured before the planting season of a non-harvest check for $4,568. The 1960 soil-bank program calls for 28 million acres, an increase of 5 million acres in our still expanding conservation reserve. Current price-support theories and equations were formulated in the early 1930's when it required 106 man-hours of farm labor to produce 100 bu of wheat. Today's national average is 22 man-hours per 100 bu. The 1938 support price on wheat was 59¢ per bu; the 1959 support price was $1.81 per bu.

In a special message to Congress last January, President Eisenhower emphasized that growers who produce some 238 different farm commodities not under government price-support programs "have generally experienced growing markets rather than a build-up of stocks in warehouses." In the perspective of 25 years price-supports have shown a persistent pattern of failure and have tended principally to build up unmanageable surpluses. Every government payment for surplus production is a direct Treasury bounty for crops we don't need, can't use, and can't dispose of before the next harvest. There can be no question but that the continuation of present programs will inevitably lead to a day of reckoning and that a new revised national approach re-establishing a free market in agriculture, bringing supply and demand into balance, would offer a far more solid hope for every farmer as well as for every taxpayer.

Some export sales of wheat were reported with Japan the purchaser of a cargo of hard wheat, a cargo of spring wheat, 2 cargoes white wheat, and a combined cargo of hard and white wheat for March shipment, but there seems to be some disappointment over the possibility of red wheat sales which in particular affected the Chicago March future. There was nothing particular in corn and the market was quite inactive although firm. January soybeans, as well as the meal futures of the products, were higher. The USDA authorized Turkey to buy 20,000 metric tons of cottonseed or soybean oil, and Colombia is also expected to be in the market for about 3 or 4,000 tons of soybean oil shortly. It is estimated that the CCC Minneapolis Office sold close to 750,000 bu of soybeans today. A survey of our downstate Illinois offices indicated that there has not been any noticeable increase in soybean loan applications so far this month although there has been considerable activity in corn. With the exception of January, all bean futures were lower at the close.

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CHICAGO, 4

January 14, 1960

A USDA report on farm labor shows that the number of farm workers reached record low at the end of 1959, while at the same time wage rates were at new high levels. The Department report was based on twelve monthly survey periods in 1959 and showed an average of about 7.4 million workers, which is 2% less than in 1958 and the smallest of record for this series of estimates which began in 1910. The 1959 average was only slightly more than half the average of 13.6 million farm workers at the peak year, 1916. At that time, of course, horses and mules powered most farm machinery, as compared to the highly mechanized activity of the present. The average number of workers in 1959 was 26% less than in 1949, the end year of the 1940's, during which war dominated manpower and brought heavy food demand.

The reduction in farm workers in 1959, however, brought no slowdown in the nation's farming. Greater acreages of cotton and corn were planted and harvested than in the low acreage year 1958 and yield per acre outcomes for most crops were excellent, although averaging below the all-time record levels of 1958. Livestock production increased moderately, bringing total farm production to a new record level of one-fourth above the average for the years 1947-49. The outpouring of food, fiber and other products from the efforts of the record small work force represents a new high in farm work efficiency.

The farm wage levels on January 1, 1960 were at a new high point. The index of U.S. annual average farm wage rates for 1959 reached 614% of the 1910-14 average, slightly more than 5% above the average for 1958. This is a new high in the annual farm wage series, which increased each year during the 1940's and the 1950's except for one year in each decade.

The sharp turn-around in hog production indicated by the pig crop report released in December plus recent developments in the cattle situation, indicates a reappraisal of the outlook for livestock producers. The number of hogs slaughtered under federal inspection the last two months of 1959 was larger than had been anticipated, and as a result hog prices received by farmers, U.S. average, in December, dropped to the lowest level since January 1956. In response to this the hog industry is apparently entering a period of downswing in production and if the indicated decline in production materializes in 1960, earlier estimates suggesting that the income to hog producers would slump further must be revised. While the hog outlook has changed to one of optimism, the cattle situation is somewhat the opposite. Cattle slaughter in November and December was higher than in the same months of 1958, and in some quarters this has been interpreted as a signal that the sharp build-up in cattle numbers the past two years is slowing down and that the immediate outlook, therefore, is for increased slaughter and lower prices.

When markets opened old crop wheat futures were noticeably easier and there seems to be continued discouragement over the prospect of Chicago stocks of red wheat being reduced at least in the immediate future. There was no export business in wheat reported overnight although France received an authorization to buy $4 million worth of wheat for shipment by June 30th, and West Germany $5,100,000 worth of wheat for shipment May 31-August. According to The Southwestern Miller, interior southwestern wheat offerings were reduced although premiums were easier. Flour business has fallen off and a stretch of quiet appears ahead. The baking industry appears to be well booked for 90 to 120 days. It was also thought, although not confirmed, that Israel may buy 2 cargoes of hard wheat at the Gulf today. Soybeans were also lower, and according to an economist of Iowa State University, we may have already seen the fall-winter high price level. The Iowa economist bases his conclusion on theprice of the various soybean products, their outlook for this winter, and the recent price pattern. He anticipates that by mid-winter the price of soybeanmeal probably will have worked lower, and that the next period of price strength in soybeans probably won't come until next spring and summer. We reported yesterday that the Minneapolis CCC office had been a substantial seller of soybeans, and this morning learned that their total sales yesterday amounted to 1,100,000 bu. Corn again was quite inactive with the market slightly on the higher side. It was reported that Germany had bought 3,000 tons of corn for March shipment.

Primary receipts of wheat were 1 million bu vs 466,000 last week and about 1 3/4 million last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 249,000 bu.

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CHICAGO, 4 January 15, 1960

One of the administration's plans to assist the national agricultural community has been the Rural Development Program, and last October the President formally established a national committee for directing the activities of this program. A recent report of the committee states that progress has been most encouraging, and in many respects has moved ahead of expectations. The report indicates that there is an increasing understanding that price supports in the main have benefited the larger more mechanized farms, which produce over 90% of farm products marketed, and that small and low income farm families were deriving little benefit, if any, from the support program. As the result, the Rural Development Program has devoted an unusual amount of attention to the problems of low income families in areas where economic progress has lagged.

The administration is also determined that an increased effort be made to promote the sale of U.S. farm production abroad, and recently announced that a USDA team will visit the Far East and Australia early this year to study foreign trade developments and agricultural marketing requirements in that area. Since the equivalent production of one out of every eight acres of U. S. cropland moves abroad, farmers and marketers need to know what qualities in their products foreign cutstomers like most, as well as harvesting, packaging, and marketing methods which most encourage foreign sales. This project is designed to improve the understanding that the U.S. public, especially agricultural people, has of both domestic and foreign agricultural programs and problems.

Reports from the Southwest indicate that the liquidation of wheat by farmers has slackened abruptly after very large amounts were sold, and a slight weakening in the price level has halted large-scale selling. It is thought that there are large supplies available that could be released on any moderaterally. However, unless further advances occur that will encourage loan redemptions, it is conceivable that we may have a tightening situation as the season progresses. The next report on loan figures, which is due shortly, will show both entries and redemptions since the last figures were released, and in view of the large amounts of wheat that were sold since the first of the year, it is thought that the redemption figures may exceed the amount of new impoundings.

Weather conditions for the new crop are good to excellent over practically the entire winter wheat areas, and further moisture in the way of heavy snows was received quite generally in many parts of the belt.

There has been considerable comment recently from a rather widespread area including Minnesota, Iowa, and Illinois regarding the high moisture content of corn and to the effect that this may eventually have on impoundings. The government will accept crib corn 21% or less in moisture for the loan, but apparently the moisture is running in excess of this in several areas with the result that farmers may not be able to put such corn under the government support program. However, it must be borne in mind that the farmer has until May 31st to take the loan, and consequently the weather during the next 60 days may have more than usual significance. We are told that in one area the ASC office is experiencing unusual difficulty with the quality of corn in their bins from the 1957 crop, and this, together with the moisture difficulties being experienced with the current crop, indicates that more corn may come to market than has been anticipated, and in addition that the government may increase their selling efforts which so far this crop have been very small. At the moment soft ground conditions are a factor in preventing the movement from farms.

There was some additional export business overnight with Germany having purchased 9,000 tons of corn, and possibly more. Korea bought 7,000 tons of hard wheat, 4,000 tons of West Coast white wheat, while Israel purchased 20,000 tons of hard wheat for shipment from the Gulf. We understand that India is inquiring for a large quantity of wheat over the weekend. In spite of this, the wheat market was on the easy side early, but recoveries took place. It is expected that there may be a sizable decrease in wheat stocks in Chicago when they are posted on Monday.

Primary receipts of wheat were 1.2 million bu vs 880,000 bu last week and almost 1.4 million last year. So far this week Kansas City and Minneapolis stocks have decreased 224,000 bu. When the wheat visible is posted on Monday, it will compare with a decrease last year of almost 2,9 million bu.

Beans were about unchanged while meal was lower. The nearby oil acted better.

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CHICAGO, 4 January 18, 1960

A Senate Investigating Committee has been delving into the profits that have been made by elevator concerns in handling government surpluses. As far as we can tell, the evidence has not shown that inordinate profits were made by terminal elevator companies in handling government grain. Secretary Benson himself blamed the high cost of keeping grain on outmoded farm price support programs. Handling the storage of literally billions of dollars' worth of surplus commodities is obviously a big and complicated job, and while the Sub-Committee last week heard testimony that some storage operators received profits of 63% to 167% of the cost of keeping surplus crops, we feel certain that instances of this kind are the exception rather than the rule.

It must be remembered that the government was desperate. By holding prices of various commodities above their merit, there was such an abundance of grain that even with the addition of commercial storage, the government had to enter the field as a stiff competitor. No mention has been made of what these costs have been and how the grain that was stored in rather crude types of bins or liberty ships deteriorated to a point where the spoilage was far more costly than if the various commodities had been handled commercially. In June, 1949, CCC owned only 45 million bu of bin-type storage capacity, but as grain production was stimulated by price supports and surpluses were built up, the CCC became active in erecting space of its own with the result that in 1950 CCC grain-bin-storage had increased to 373 million bu; in 1953 it was further extended to 648 million bu, and today we find that they are able to store nearly a billion bu. CCC also made arrangements with the Maritime Administration to use for storage 384 idle merchant ships of the Reserve Fleet. These boats are anchored in the Hudson River in New York, in the James River in Virginia, in Puget Sound in Washington, and in the Columbia River in Oregon, but wherever they are these ships are providing storage for approximately 88 million bu more grain.

On various occasions the government threatened that they would accelerate their program even faster unless private enterprise helped meet the problem of growing expansion. Many of these elevator concerns had no assurance that they would be fully filled but yet they employed their own capital in these engagements, knowing full well that the surpluses would not last forever. Builders took the risk of losing on their investments once stocks start to recede. There was an increase of 644 million bu in the commercial type of grain storage within the short space of three years, and on a nationwide basis from 1951 through 1954, the capacity of free storage rose from 2,176 million bu to 2,820 million bu, while at the same time many of the operators of these warehouses were getting fair returns on their investment but none of them were receiving exorbitant profits. The grain which lay in the elevators was a drug on the market and merchandising operations were greatly curtailed. Thus the loss of revenue from this source of business greatly offset the profits that were being made from storage. Furthermore, many of the grain firms that had been in the brokerage business handling hedges also suffered great losses, as trade was curtailed, and at the present time as a result of government activity there are many firms that hardly use the hedging facilities of the market.

All this has resulted in reduced revenue to firms who depended largely on this type of business. As far as we can tell, no mention has been made of these factors, and thus the whole story has not been told. Even now when the grain trade is better able to preserve the quality of government holdings, there are certain threats that government storage should be used to a greater extent since they have a total capacity of 985 million bu and are presently only about 70% occupied. It has also been recommended that more grain be kept in idle liberty ships which now are storing only 33 million bu of various grains.

Wheat was quite indifferent. The Chicago stocks decreased less than had been expected. Some traders are bearish because the market is so dull, but we hardly think that this is sound reasoning. Flour sales over the weekend were very small. The country sold very little corn and there was a fair amount of snow downstate which probably kept farmers from hauling. In the absence of pressure, we had somewhat firmer markets. There was not much feature to beans early, but later on there was some local short covering. Altogether it was a rather slow session. Rye did very little and there is not much interest at the moment in this cereal. Meal was a little reactionary.

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CHICAGO, 4 January 19, 1960

The continuing trend toward increased government spending and deficit financing is not easy to alter. Most groups, agencies, and individuals benefiting from federal aid find self-restraint difficult, and a turn towards private initative with fewer demands upon Washington seems a more difficult course of action. Consequently, the $4.2 billion surplus forecast for the next fiscal year will probably not be fully realized, as the mere prospect of such an excess sum of cash will give impetus to new spending programs on the one hand, and demands for tax cuts on the other. No relief is anticipated for taxpayers in the next fiscal year.

It is interesting to note in the President's budget proposal for 1961 that expenditures are estimated slightly above those in 1960 and about $1 billion less than the $80.7 billion actually spent in 1959. The anticipated surplus earmarked for debt retirement will come from an expected increase in federal income of some $5.4 billion to be gathered from individual and corporate tax receipts. A healthy and prosperous economy is essential for the necessary continuation of this country's large financial obligations. Our defense outlays alone will account for $41 billion in 1961. Including the Atomic Energy Program, space exploration, and foreign aid spending together will require an additional $6.7 billion. The second largest budget item is interest on the national debt, which is figured at $9.5 billion, an increase from the present fiscal year, and this represents a tighter money policy and higher interest rates.

The Agricultural Program is high on the expenditure list, as $5.6 billion will be needed next year, which is $510 million more than the present fiscal year's costs. Most of this money will be invested in price support programs, and this does not take into account funds already invested in commodities presently owned by CCC. It is only natural that economists are overwhelmed by these figures, and it appears as though intelligent analysis and forecasting are difficult, as there is no historic basis for comparison. For example, during the depression year of 1930, federal income amounted to $4.1 billion, which was slightly more than was spent in that year, and the public debt at that time was $16 billion. Federal indebtedness grew from $48 billion in prewar 1941 to $258 billion when the Armistice was signed four years later. The policy of present-day legislators should be moderation-regarding finances, as this is a period in which national income has reached an all-time high level, and peace and prosperity seem for the moment secure.

Country offerings of beans are practically nil and though the government continues to reduce its stock, CCC sales at the moment are not large. Since there is little pressure on the market, prices seem to meet support on breaks, and some improvement might be considered likely. Tomorrow is the final day of trading in January contracts, and though deliveries overnight were small, processors stopped the majority of the beans tendered. The nearby meal contract remains at a big premium, reflecting in large part some of the recent production curtailments. The crushing report expected this week will probably show slightly fewer beans crushed than in the preceding 30-day period.

Though free stocks of both wheat and corn decreased during the week, good quantities of both grains still remain in local elevators. Free supplies of the former were reduced by 492,000 bu during the week and of the 8.2 million bu remaining, 5.3 million are in deliverable position, most of which is red wheat. 8.6 million bu of free corn is available locally, and though weather has been such that the movement of this grain in the country is difficult because of road conditions, it is thought that with the comparatively mild winter moisture content has remained unusually high in most cases. It is, therefore, likely that a pick-up in offerings might develop in the coming months as some of the corn that might otherwise have been impounded will have to be marketed.

Markets were generally weak as selling developed late in the session. Wheat was influenced by the above mentioned statistics, and Russia has announced she will offer reserve supplies of this grain in the European market sothat export outlets can be maintained. So far this morning Pakistan is thought to have purchased 45,000 tons of hard wheat to be shipped from the Gulf, and Turkey has been authorized to buy 100,000 tons, and Israel 50,000 tons for shipment between January and May. Some profit taking developed in oats, and though almost the entire crop may eventually be consumed, the price of this grain is high in relation to corn as a feed. Soybean exports since Oct 1 are 16.5 million more than 1959.

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CHICAGO, 4 January 20, 1960

Technological revolution has upset all the calculations upon which the old price support acreage control programs were based. As Secretary Benson points out, these programs with their formulas are as out of place in the new agriculture as a Model T Ford in a 1960 automobile show. The sad part about this picture is that America is gradually losing its commodity markets, which cannot function in a government atmosphere where shortly $10 billion worth of commodities will be under government control. At the end of this month, farmers with the exception of thosewho are still able to make corn loans, will find that the support programs have ended for this season, and as a result Commodity will own an all-time high of various goods before this surplus turns downward in the spring when possibly some defaults will occur.

In analyzing these loans, we find that about $3 billion will be invested in wheat, $2.2 billion in corn, $1.5 billion in cotton, and $900 million for other major grains. Then, of course, there are additional amounts loaned on various commodities, which may be redeemed or which may come under government ownership. Wheat brings in only 6% of the farm cash market receipts but it accounts for 30% of our price and income stabilization costs. Our wheat carryover last July was close to 1.3 billion bu; converted into bread, this would provide 450 loaves for every man, woman, and child in this country. By next July the reserve stock will be even greater. By holding prices artificially high, we have not only the losses incurred through inventory, but we are paying out hundreds of millions every year in subsidizing wheat and flour exports. More money is provided for the exportation of other commodities that are piling up. All this is a sad commentary on the American economic system, and unless something is done soon, it could end in disaster of a magnitude such as has never before befallen American agriculture. Even greater is the loss of markets until this program crumbles.

This is not the fault of the farmer but rather politicians are to blame for the involvement in unworkable and unsuitable programs that try to give too high a return to the 12% of our people who make up the farm population. Unfortunately, time and money are being spent in trying to scrutinize the costs of storing grain rather than the causes that have brought about these burdensome accumulations. Obviously we cannot price surpluses as though they were scarce and export them in large quantity. Even with the give-away programs, we have not been able to export wheat and flour as fast as it is being grown. Thus the perpetuation of unsound price programs has hobbled agriculture while at the same time it has destroyed the farmer's greatest asset--the market. With the knowledge that these surpluses must one day be sold, many traders who would ordinarily buy corn are maintaining a neutral position. Even wheat hedgers are barely using the facilities of the market to protect their commercial positions.

Some export business is reported almost daily but its market effect is virtually nil. Wintry temperatures had been reported rather generally over the country, with below zero readings in parts of Kansas. However, the weekly government report has stated that the moisture has ranged from satisfactory to plentiful in nearly all areas and that snow was quite adequate to protect crops from severe cold in most sections.

Primary receipts of wheat amounted to 864,000 bu, which was pretty close to last week, and compared with more than a million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 141,000 bu.

Markets were generally lower, and there was little encouragement for new investment purchases. Broomhall's European crop summary was mostly optimistic although he pointed out that in the coming weeks there might be some damage from alternate thawing and freezing. Wheat, however, has a good appearance in most districts and moisture supplies are mainly satisfactory. In West Germany conditions have improved as a result of recent rains, and mild weather. It is mild in Italy, but despite excessive rains in December prospects seem good. January meal, which has been commanding a big premium over later months, had little influence on the rest of the market, and beans were lower, although some buying came into the pit on breaks. Flour business was generally dull, and there was no encouragement from this source, although the cracker and cookie bakers reported a slightly improved outlook. Rye, which had been higher yesterday, reacted and trade in that pit is light.

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CHICAGO, 4

January 21, 1960

Over-all supplies of soybeans at the beginning of the crop year were equal to those of October 1st, 1958 and 62 million bu was carried over last October from the previous crop. A large percentage was in government hands, as impoundings last year totaled 140 million bu. As of December 31st, only 32 million bu had been placed under support from this year's crop vs 97 million as of the same date twelve months ago. This figure was released by the USDA yesterday afternoon, and any additions to it must be made by January 31st, the final date for soybean loan applications. There is apparently no great rush by farmers to impound substantially large amounts, at least nothing comparable to the 53 million bu sealed during the month of January, 1959. Consequently, free supplies will be much greater in the current year, especially considering that CCC has been reducing its stocks quite rapidly. Though these figures may be construed bearishly at present, in the final analysis it remains a question of total consumption. In other words, if crushing and export demand continue at their early-season pace, a close adjustment in free supplies might eventually exist. In the meantime, it appears as though the majority of farmers seem willing to take their chances in the free market and handle their own merchandising this season.

The amount of wheat redeemed during December about equals that placed in the loan, and as of the year-end farmers had put 275 million bu of 1959 crop wheat under support. This compares with 489 million bu earmarked for the loan at this same date in 1958, when a much larger crop was raised. January 31st is also the deadline for wheat sign-ups and even if this final figure does not show much of an increase, when we consider domestic use and anticipated export, commercial users will have to draw upon CCC stocks during the season.

Since October 1st, corn farmers have placed 122 million bu of this grain under price support loans and purchase agreements. Farmers have until May 31st to complete entries, and even though entries of this cereal are well ahead of last year, comparisons are difficult as this year's crop is so large. Temperatures are now low throughout the Midwest, but this has been a mild winter until recently and there is much talk at country points regarding the high moisture content and the fact that corn in many cases has been slow to dry. Where this is the case much corn that might otherwise have qualified for loan entry must be fed or marketed. It is not surprising in view of the size of this year's oat crop that only 7.6 million bu was placed under support through December 31st against 60 million sealed at this date a year ago.

January contracts expired without too much confusion. Soybean meal closed strong, within a fraction of the crop high, and at a 350 point premium over March. Cash demand has eased somewhat but a discrepancy still exists between the spot market and the board. The current month of soybeans closed about 3-under March and commercial demand at that difference was active. A full carrying-charge figured about 3 3/4¢ per bu.

U. S. wheat and flour exports to date according to Broomhall total 210 million vs 221 million a year ago. Shipments of corn at 72 million bu are running ahead of 1958 and oat clearances are more than double the 13.2 million bu shipped by this date last year. Exports of rye are 3.5 million vs 6.4 million bu.

Primary receipts of wheat amounted to 753,000 bu which compared with 1 million bu last week and 860,000 bu a year ago today. Kansas City and Minneapolis stocks have decreased 120,000 bu so far this week.

Markets were very quiet early but beans met support following a weak opening. Short covering was the main feature somewhat in sympathy with a firm meal market. Wheat also strengthened late in the session but old crop remains somewhat vulnerable as long as export demand for the red stocks in Chicago is lacking. Unless fair quantities are moved in the coming months there is no reason to expect present premiums to be maintained, and it is quite likely that March could sell at a discount under the May, assuming these conditions persist.

Weather in the Southwest is favorable for winter wheat, as snow covering is adequate for protection against the cold. This is not the time of year when pressure is exerted on new crop months, as prices are well below the loan. There was little activity in rye today. This market has been influenced by selling recently as prices remain above the loan, and free carryover supplies of close to 10 million bu are anticipated.

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CHICAGO, 4 January 22, 1960

Secretary Benson replied to critics who had been claiming that warehouse operators were making exorbitant profits on the storage of government grain. He released preliminary results of a survey of storage costs in 432 private warehouses that showed the average direct cost of storing a bushel of grain was 13.5¢ a year. The Secretary's aides compared this figure with average government payments of about 16¢ a bu. It should not be forgotten that when an elevator operator takes in government grain he is responsible for quality and full outturn. Even routine losses are heavy and the picture is not a "bed of roses," as will be observed from a closer examination of the facts. We as warehousemen are in a position to understand these facts better than the outsider, or in some cases accountants who merely take a quick glance at the picture.

In recent months with the threat of lower rates being instituted, the construction of additional space has been at a much slower pace. Before that time the government was desperate and many of the pleas that came out of Washington resulted in the construction of suitable storage to take care of the ever-mounting surpluses. For example, in 1958, there were huge increases in both commercial and farm storage, and it is assumed that about 600 million bu of new commercial space was made available during that calendar year. Because of high prices and incentives, farmers are today using three times as much machinery and equipment and over twice as many motor vehicles as they did in 1940. Today's farmer produces as much in one hour as he did in two hours in 1940, and three hours in 1910. Since 1940 the per acreage yield of cotton has risen 67%, corn 56%, and wheat 40%. Two years ago, when we had the largest crops of record, our agricultural output was produced on the smallest acreage since 1919. Had there not been adequate storage, government losses would have been tremendous. The record will show that with nearly $10 billion invested in price support programs about 83% consisted of inventories and supports of the six so-called basic crops. In other words, the government in furnishing artificially high prices to farmers invited record production. Actually, it was an uneconomic theory because the investing of funds in these few commodities ignored the fact that they brought in less than one-fourth of the cash farm income, and thus the entire system was fallacious from the start. The payment of charges to store this grain was, indeed, secondary because it was the excessively high loans which did nothing but help to accumulate surpluses that were unneeded, and these finally became a burden upon the market, which is now being nationally recognized.

By helping to freeze some inefficient production patterns, the government contributed to probably the worst imbalance in our history, and it was also a foregone conclusion that these commodities had to be carried by someone who was willing to invest millions of dollars in a business which at best would be of short duration. Thus it is likewise a fact that much of the storage which has been added to the nation's storage structure would in the course of a few years very likely be worth much less than the money that was put into the building. We do not believe that the Symington Committee has taken into account such things as deterioration in quality, but the storage operators must bear the shrinkage and dockage of the grain.

Despite the fact that there was fairly heavy flour buying overnight in the Southwest, there was not much evidence of hedge lifting. Offerings were light though, and new crop futures especially were firm. A cargo of red wheat was sold to Israel out of the Atlantic, and that country also bought a cargo of hard wheat from the Gulf. Other business is pending including offers of a million bushels of corn and 100,000 tons of hard or spring wheat to Turkey. We continue to receive reports from both Iowa and Illinois that moisture content in corn is too high to permit loan entry, and an article in the Des Moines paper states that 15 million bu have been impounded versus 30 million a year ago, and there are very few applications being made at present. Reports from Central Illinois discuss soybean sales at prices 10 to 15¢ over the loan. There are further rail rate changes contemplated which in some cases might affect outgoing barge rates between Chicago and the Gulf. They are too uncertain and complex to discuss fully at this time, but bear watching as in some cases this could make Chicago grain competitive with some southern points. March oats have been under pressure.

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CHICAGO, 4 January 25, 1960

During this past fall drought conditions plagued much of the croplands of Europe. The countries affected, including Great Britain, at that time increased purchases of feed grains in order to alleviate what appeared to be impending shortages, and the U. S. benefited as supplies in this country were drawn upon. From July through December 6.9 million short tons of coarse grain, 16% more than in the same period in 1958, cleared our shores. Corn shipments totalled 3 1/4 million tons compared with 2.7 million during the same six months one year earlier, and oat exports more than doubled the 1958 figure. An increase in foreign livestock population also helped promote this demand.

It is noteworthy that total U. S. agricultural imports have surpassed exports in eight of the past fifteen fiscal years. As a matter of fact, the U. S. is the world's second largest importer of agricultural goods, half of which are categorized as complimentary items, such as coffee, crude rubber, cocoa, bananas, etc., of which this country produces little or none. The balance of these imports are considered supplementary, and include meats, tobacco, fruits, and some vegetables, as well as vegetable oils and sugar, which are produced in inefficient amounts nationallly to supply our total needs. A large percentage of the latter-namedcommodity is taken from Cuba, and in accordance with a long-standing treaty, the U.S. agrees to pay a price slightly in excess of actual value for one-half of Cuba's sugar crop. This is currently being discussed as a means of deterring the Anti-American activity so vehemently expressed on that island today. Since 1925, the value of the goods imported by the U.S. has risen 78%, while the over-all quantity of these purchases has changed relatively little.

Momentarily, country offerings of wheat are quite light in the Southwest, but fair quantities are available above the market, and much of a rise in price would probably bring fair amounts to market. Export flour business was a little improved, and Israel is expected to buy 2 or 3 additional cargoes of red wheat. It is indicated that the UAR may take white wheat as a substitute for red under their purchase authorizations, and if this is the case increased amounts of red wheat will most likely be approved for Turkey and possibly other countries. There was continuation of the bakery flour business started at the end of last week, and according to The Southwestern Miller, a big percentage of independent bakers added 30 to 60-day needs so that coverage on hard winters is mostly through May. There has been very little evidence of hedge-lifting against these sales and May wheat has traded in such a narrow range the past few weeks that millersseem intent to wait and cover sales in the cash market.

Receipts of corn seem to be increasing as high moisture is forcing some of this grain on the market. According to the USDA, quality of the 1959 crop is well below last year and only 44% of the inspected receipts graded No. 2 or better this December compared with 79% in 1958, and the five-year average of 66%. As we have frequently mentioned, the inability of much of this corn to meet grade requirements has kept sizeable amounts from entering the loan.

Markets were extremely quiet this morning with most commodities trading in a lower price range early in the session. During the past week stocks of wheat in Chicago decreased 366,000 bu including that which is afloat, and total supplies are just about 7.9 million bu. The export demand is such that local red wheat has not been sold in large quantities; therefore, the nearby months have been under some pressure and no doubt will tend to lose their premiums unless this situation reverses. Shipments of corn from this city exceeded receipts by 529,000 bu and oat stocks decreased 202,000 bu. 1 1/2 million bu of the latter grain remains and this keeps the March at a fair premium over the May. However, the market has declined as it is thought that the Chicago price might attract this grain from other locations. There was a small decrease in rye stocks and a little more than 2 million bu remain in Chicago elevators. Bean supplies decreased 144,000 bu, leaving 11.6 million bu here. The visible supply of wheat decreased almost 3 million bu.

After the close today the government will issue the report of stocks of grains in all positions. The Census Bureau soybean crushing report is also expected momentarily, but since it has not been released the government will have to estimate soybean stocks in processing plants.

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CHICAGO, 4 January 26, 1960

At the beginning of this year we had a record number of cattle on feed in 26 states. Actually, the number was 9% greater than a year earlier. This would indicate that prices, at least during the winter and spring, might be affected and possibly lower than a year ago. The cattle industry is tremendously important to our farm population. Last year 23% of our farm cash receipts came from cattle and calves; in fact, livestock and livestock products brought in well over half of all farm cash income. It is, therefore, highly essential that relatively stable prices prevail for these products. It is also worth noting that the beef market is growing at a rapid pace. Our people have been eating upwards of 80 lbs of beef per person every year since 1955. This compares with about 66 lbs a decade ago, and 56 lbs two decades ago. It might also account in some measure for the reduced capita consumption of bread and wheat products.

In a healthy economy people eat more meat, and, of course, a growing population has also been a big factor in creating a demand for these products. At the beginning of 1949, there were approximately 77 million head of cattle on farms; between 1949 and 1956 cattle numbers increased by nearly 20 million head, and it resulted in some very difficult periods for farmers when depressed prices occurred. Gradually adjustments were made so that prices recovered in 1957 and again in 1958. Last year beef cattle prices averaged about $22.20; this was the fourth highest yearly average on record. In the past two years cattle numbers have again been growing rapidly. It is now estimated that on January 1st of this year the number of cattle and calves on farms amounted to about 103 million, which was an all-time record high. When we consider that our population is 176 million people and that of this number many of the younger ones do not yet eat much meat, it is a revealing statement, not to speak of the large number of hogs and sheep that we also have in this country. There has been a slight expansion in sheep and lamb numbers during the past two or three years, but prices have remained relatively favorable and the number of animals has remained relatively stable since 1950.

Insofar as agriculture is concerned, our great problem is still wheat and by next July it is expected that with the carryover of possibly 1.4 billion bu, the government will then have $3 1/2 billion of federal funds tied up in this one commodity alone. Since wheat brings in only 6% of farm cash marketing receipts but accounts for 30% of our farm price and income stabilization costs, it will readily be seen that the ratio is entirely out of proportion.

Before our market opened this morning, word had come from Washington that, effective February 1st, CCC stocks of rye would be eligible for export under the barter program. However, these contracts would not be available to six countries which generally function heavily in such business. Included are Germany, the U. K., Belgium, Switzerland, Luxembourg, and The Netherlands. It is also interesting that USDA at the same time announced that until further notice exports of rice under the barter program would be excluded to the same six countries with the addition of Canada. Apparently our country wishes to avoid the replacement of these sales for dollars with barter transactions.

Primary receipts of wheat amounted to 1.1 million bu which was more than last week but about the same as last year. Kansas City and Minneapolis stocks so far this week show a total increase of 308,000 bu.

The wheat market was quite indifferent early in the session but later on there was some export buying of May while a local house bought March wheat. The Chicago free stocks declined 366,000 bu leaving 7.8 million bu here. Flour business was very quiet with only a few scattered orders reported here and there. Beans turned strong first on local buying, and later by that of a processor. The trade may have anticipated the government figures that were to be issued later in the day, and it is expected that stocks in all positions will be about 22 million bu smaller than last year owing to the fact that we opened the season with about equal amounts on hand, but meanwhile exports and crushings have been heavier. If such a figure is released, it may be regarded as slightly bullish. Corn was firm with some local buying, and the influence from surrounding pits was a factor, but otherwise hardly any news. The meal trade was quite light, and mainly of a local character. Rye was a little higher and very likely the possibility of somewhat heavier exports through the barter program may have encouraged buyers.

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CHICAGO, 4

January 27, 1960

Stocks of soybeans in all positions on January 1st amounted to 454 1/2 million bu. Supplies are 17 million less than for the same date one year earlier but larger than expected, as crushings and exports so far have accounted for 22 million bu more than a year ago, as of the end of December. It may be that the crop or carryover, or both, were slightly underestimated, or any discrepancy that exists could be the result of beans in transit, or the fact that October 1st is the cut-off date and many new crop beans are marketed during September. Foreign shipments continue at a more rapid rate than last year, and as of the week ended January 22nd, 17 1/2 million bu more had cleared our shores since October 1st than during the preceding like period. The USDA has recently estimated the next carryover at 45 million bu, and if over-all disappearance the balance of the season approximates that of 1959, this figure will be realized. Domestic demand for meal is expected to remain strong, and a crush slightly in excess of 400 million bu is likely. This would produce over a billion pounds of oil above domestic requirements, which could be exported or added to the carryover. It seems quite possible that the CCC will control almost the entire reserve supply of beans, though redemptions are possible with prices above the loan.

The number of bushels of other grains in some cases is a record high for this date. Even though feeding has been on a heavier scale than last year, the amount of corn in the country staggers the imagination, as 4.5 billion bu was available on the first of the year vs. 3.9 billion bu the same date in 1959. Whereas a few million bushels more or less of soybeans greatly affects prices, a couple of hundred million bushels more or less of corn matters little, as we are becoming accustomed to living with swollen surpluses, not only as far as this grain is concerned, but also with wheat. It is simply a question of the tax dollar being utilized in large part for the various costs of handling these excesses, to say nothing of the losses involved between the support payments and eventual disposition. There is 1,876 million bu of wheat in all positions, enough to meet domestic needs for almost three years. Sorghum supplies of 902 million bu as of the end of the last calendar year are also a record for this date.

Rye stocks amounted to 19.8 million vs. 24.4 million January 1st last year. However, disappearance has been slower than the preceding season and a carryover of close to 10 million bu has been estimated, most of which will be free grain as the market price has been above the loan. This figure could be reduced if much rye is shipped to foreign countries under the federal authorization announced yesterday.

A smaller oat crop raised last summer has resulted in a reduction of over-all supplies. As of the reporting date 750 million was stored nationally compared with 1 billion bu twelve months earlier. Therefore, prices should be well supported throughout the balance of the season.

Since the Chicago market is greatly affected by red wheat, it is interesting to note that the government report shows that stocks in the soft wheat producing areas, exclusive of New York and Missouri, are less than a year ago by 19 million bu. Of course, demand, particularly for export purposes, will govern the eventual supply and distribution of this red wheat between now and the end of May.

The Kansas weekly crop report states that snow that fell over that state last week furnished a good cover and most wheat fields have thus been given protection against cold temperatures.

Most of the price change was in soybeans which were weak most of the session as a result of the government report on grain stocks. CCC sold 1/4 million bu overnight. Japan's imports of this commodity in their fiscal year ending March 31st are expected to reach a record 40 million bu vs. 31 million bu imported in the previous year. A major part of their purchases will be made from the U.S. Some foreign business is pending in wheat including a P.L. 480 authorization of 200,000 tons of hard or spring to Brazil. Tenders are expected to the UAR Friday, for a total of 80,000 tons of wheat and flour. USDA expects total shipments of this grain for the year to approach the 443 million cleared last season. Some liquidation occurred late in the day with little news featured.

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CHICAGO, 4 January 28, 1960

It has been suggested for several months that President Eisenhower might make a special radio and television speech relating to the wheat situation, which apparently he considers as one of the most important agricultural problems. It has been known for some time that the Administration realized full well that this nation was facing a crisis, insofar as the wheat program was concerned. Up to now, there has been no hint that a special report would be given to the American people, although it is pretty generally known that the Administration has been urging and is recommending again this year " that the Congress put the wheat price support program on a realistic basis related to actual market prices rather than to the obsolete parity formula. " Secretary Benson has been recommending that acreage allotments and marketing quotas on wheat be eliminated, as was done in corn. He and other farm officials were also pressing for an expanded conservation reserve to retire cropland from production for from three to ten years.

In the field of exports, our country has been pushing hard to reduce surpluses. We believe in the main that they have done a good job in clearing such large quantities of wheat and flour, particularly when they had in mind that exports had to be handled with restraint in order not to affect the economy of other surplus countries with whom we are working on a friendly basis. In all matters of this kind, the State Department was drawn into the picture on the theory that nations of the free world must stand together in economic, social, and spiritual strength.

In terms of productivity the per-man-hour of work has been much higher in this country than anywhere in the world, except possibly for Canada. One U.S. agricultural worker on an average provides enough food and fiber for 25 persons; in Russia, the figure is only 4 or 5. Between 1940 and 1959, the number of tractors and other motor vehicles on farms more than doubled. Inventories of other farm machinery trippled. According to the last count we had nearly 5 million tractors operating in this country, in addition to which there were more than a million grain combines, nearly 750,000 mechanical cornpickers, and about 600,000 pickup bailers. With such mechanization it is not difficult to realize that with average weather and abundant use of fertilizers we have had the great success in production during these years of mechanical advancement.

This year we are pushing wheat exports at an accelerated rate to India, as this seems to be one country desirous of building up surpluses. With the additional business now in prospect, it is likely that our total shipments for this season will reach a figure of about 440 million bu, which was the same amount exported the season earlier. While it is true that the Soviet Union may still be a decade or more behind us in agricultural efficiency and productivity, we must, nevertheless, anticipate that within the next five years they may become a strong competitor in world markets with some of our products, especially wheat. In this transitory period we shall have to take strong steps to improve our agricultural programs since surpluses are accumulating at a rapid rate even before this added competition has become much of a factor. Furthermore, we cannot ignore the ideology that Soviet agricultural products in world trade will be used to gain political as well as economic advantages.

Primary receipts of wheat were 901,000 bu which compared with 753,000 bu last week and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 50,000 bu.

Markets were mostly on the weak side. There was no pronounced pressure, but confidence appeared to be lacking despite the fact that fair exports of wheat and flour are in the process of being made. This keeps Kansas City futures relatively steady even when no appreciable amount of futures business is taking place, rather firmness of cash markets is having its effect. Beans were weaker and the meal market was also lower. There seems to be a fair amount of bearish sentiment in beans, and sometimes we get February breaks after the farmer can no longer avail himself of the loan. However, we doubt whether a drastic break is likely as we are not starting from a particularly high level as in some other years. The open interest has declined more than 30 million bu from the high point. Rye prices weakened, and we are not far from the lowest levels of the season. Larger exports, if they occur, might help to steady the market. Corn was firm with volume of trade small, but oats were on the easy side.

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CHICAGO, 4 January 29, 1960

Soybeans have declined in large part because of bearish sentiment growing out of larger than anticipated stocks on hand. Next Monday is the deadline for loan sign-ups on the 1959 crop. Last year impoundings totaled 140 million bu, and as of December 31st only 32 million bu from this past harvest had been placed under support. Consequently, it seems apparent that farmers are willing to retain ownership and rely on free market prices, especially since many sources have encouraged this by predicting better values later on. Prices have beenabove the loan almost the entire season. Therefore, there has been a comparative general lack of interest in making use of this program. We have heard that many farmers would be willing sellers at $2.10, which in Central Illinois is approximately 5¢ above the market. With large amounts of free beans available, even though at a higher price, liquidation could temporarily continue. If exports remain at their present accelerated rate, and crushings are in line with expectations, which seems likely, improvement of the situation could eventually occur as then there would not be a burdensome carryover. Meal rallied sharply late yesterday as processors lent support to the market. There are still some curtailments by crushers not satisfied with the present conversion ratio, although in many cases shut-downs have been seasonal for such purposes as machine repair and maintenance. Processors do have a problem as meal demand has been good, but oil supplies continue to mount and as of the end of December total stocks amounted to better than 85 million pounds above those of the previous month.

The support price for 1960 soybeans expected to be announced early in February should be close to the $1.85 loan in 1959. It is generally thought acreage will be a little larger than last year's, but no large increase is expected as the corn acreage will be little, if any, reduced. The support on the latter grain no doubt will be lessened from $1.12 last year to about the $1.06-$1.07 level, which would still offer a very satisfactory return to growers of this cereal.

Figures released by Broomhall indicate wheat and flour exports since July 1st totaled 220 million bu, only 13 million less than cleared by this date a year ago. Shipments have increased recently, and there is a fair amount of business pending, including an agreement signed yesterday between the U.S. and Pakistan under which the latter can buy $26 million of U.S. wheat with its own currency. This would involve about 13 million bu which undoubtedly will be done in segments over a period of time. Corn shipments since October 1st are 73 1/2 million bu, 4 million ahead of last year, and oat exports during the present crop season total 29 million, just about double those of 1959.

There is little country selling activity by southwestern wheat farmers, but it appears as though fairly large amounts could be marketed if prices advance. Redemptions of wheat might prove an important factor in determining the eventual free supply carryover next summer as some of the totals finally impounded might be required for commercial or foreign usage.

Price changes in corn futures have been practically nil at a time of year when support is ordinarily apparent. Disappearance has been larger than last year when record amounts were utilized, and even though producer selling is light momentarily supplies are so large that it is difficult to gain encouragement. This is particularly true as the grading quality is in many cases not conducive to placing it in the loan program, and a fair amount of pressure might be felt in the free market during the spring months.

Though beans were under pressure from the start, a good deal of interest centered around the March wheat contract which lost ground and sold even with the May. We have repeatedly talked about the stocks of red wheat in Chicago, and continue to feel that the nearby month will continue to lose ground unless export business develops. If and when it does, the situation could alter. In the meantime we see no reason to change this opinion. West Germany has announced a temporary import duty of 10 to 15 marks a ton on grain and feedstuff purchases beginning May 1st. It is that country's desire that this tariffwill safeguard German crops, and the present plan is to lower the duty after home grown crops have been sufficiently sold.

Primary receipts of wheat totaled 895,000 bu vs 1,027,000 bu last week, and 822,000 a year ago today. Kansas City and Minneapolis stocks increased together 96,000 bu so far this week. Corn primaries are 1.4 million vs 3/4 million bu last week.

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CHICAGO, 4

February 1, 1960

With the exception of corn, there is no longer any chance for farmers to enter the loan on any of their commodities that were grown last summer. Today is the deadline for impounding various grains and beans, but it will take some time before we get the complete figures as to quantities that have been taken out of commercial stocks. At the end of January, soybeans were 1 to 3¢ per bu lower than a year earlier. Stocks in all positions of 454 million bu were second largest of record, exceeded only by the 471 million bu in store a year earlier. CCC owned about 13 million bu of the total, but, of course, there were additional quantities under support, but in proportion to last year the amount was small, and this is raising the question in many quarters as to whether the market is on a sound basis at the present time. In the final analysis we believe that prices will respond to the amounts that we export and grind, and apparently there is a chance for some increase in both categories over last season.

In spite of the smaller supplies of rye in various positions, January prices were 10¢ per bu lower this year than last. Cash prices at Minneapolis were about 5¢ above the support level, and it is believed that at the end of the crop year we shall have about 10 million bu in the reserve, most of it in the free supply, as exports are running only about half as much as the previous year, while other disappearance has been at about the same level. Wheat prices in January averaged about 6¢ per bu above a year ago. Spring wheat generally sold at about the effective support level but soft winter and ordinary protein hard wheat were from 3 to 4¢ below the effective support. Should we get a continuation of the declines of the last few days, we might have an artificial situation during the spring months, with exports keeping up at a good pace, and in our opinion some more wheat will finally have to come out of government stocks. Commodity Credit Corporation owns about 1,095 million bu wheat, which is more than we used to raise in an ordinary year. An additional 309 million bu was outstanding under support or reseal, leaving about 470 million bu free wheat as against 565 million a year ago. It can thus be seen that the loan program is still one of the most important factors in the situation, and it has had a ruinous effect on markets, as few traders feel that they can cope with all the artificial factors that have been wrought.

The flour millings during the first six months of our crop year totaled 297 million bu, which was the largest since 1948. In spite of this situation, and the likelihood of exporting as much wheat as last year, the trade is somewhat hesitant about making commitments on the long side of the futures market. They look at the large supplies here and in other surplus nations, with 2 1/2 billion bu on hand either for export or carryover in the U.S., Canada, Argentina, and Australia, which is about the same as a year earlier.

There was a little moisture in the Southwest over the week-end. According to the Santa Fe report precipitation since Mid-December in the form of rain, snow, or freezing drizzle has added to the available moisture in most all main winter wheat producing areas. During periods of extremely low temperatures most of the winter wheat fields were covered with snow, so that little damage should show up in spring unless it occurs from this date forward. However, it will take several weeks of warm weather for wheat plants to grow sufficiently to protect fields from damage by spring winds or to provide grazing for livestock.

Chicago wheat stocks declined 338,000 bu for the week, leaving about 7 1/2 million here. If stocks continue to decrease at this rate weekly until first of May there would still be between 3 to 3 1/2 million bu here. We had rather soft markets all around. March wheat was the weaknes wheat future, losing ground on the May, while new-crop months gained on the old. Apparently others also believe that we will not have a close adjustment unless there is an improvement in red wheat demand. Beans were quite weak, and apparently Secretary Benson wants to lower cotton supports, which might lead to increased acreages. If this were done it would add to the burden already imposed on oil markets. Late in the session there was a little covering of bean futures, but no spirited buying. Rye was very weak, and this cereal has lost many of its friends. Corn and also also showed an easier undertone. Corn stocks locally decreased 270,000 bu, leaving about 28 1/2 million here. Chicago stocks of beans decreased 325,000 bu, which leaves us with 11 1/4 million bu.

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CHICAGO, 4 February 2, 1960

The USDA in the January Fats and Oils Situation discusses prices of soybeans so far this season, and forecasts firmness in the months ahead. Since October 1st farmers have received an average of $1.97 per bu, which is 12¢ above the support and 4¢ higher than the loan rate one year earlier. Since the crushing and export demand probably will continue strong, it is likely that soybean prices will tend to reflect the supply picture. A crush of around 400 million bu is anticipated and processor capacity is 500 million bu or 50 million more than last year. Oil outturn is better from this crop than that harvested in 1958 as 11 pounds are being extracted per bushel versus 10.5 pounds per bu for the preceding crop. Foreign shipments of beans should amount to 125 million bu vs 110 the previous season with most of the increase going to Western Europe and Japan. Therefore, it is expected that the carryover reserve the end of next September will be close to 40 million bu. Meal usage will be greater through the remainder of the current feeding year as livestock and poultry numbers have increased, and, too, there has been a heavier feeding ratio per animal unit. Exports of this article are expected to increase well above the 512,000 tons shipped in 1958-59 because of European drought and the fact that supplies are difficult to obtain other than from the U. S. Meal prices (bulk Decatur) have averaged $58.00 per ton in the period October-December and reached a figure of $63.00 per ton in mid-January, but since that time they have declined and should continue to do so somewhat through the balance of the year although the average should be around $56.00 per ton level. Domestic oil demand will likely be maintained at a record rate, but exports could ease as lard and cottonseed oil supplies will be big enough so that they will compete in the foreign market at cheaper rates, and thus compete with the soybean oil that is in surplus quantity.

The soil bank has come into focus again as the Agriculture Department figures this program will keep farmers from raising about 183 million bu of corn and an extra 61.6 million bu of wheat this year. It has been estimated that idle crop lands will take about 20 million acres out of production during the present calendar year which is 5.1 million more than were deposited in soil bank in 1959. It is interesting to note that seed corn sales have increased as much as 10% over last year so that plantings might be larger than this year even though a cut of at least 5¢ per bu in the loan rate is expected. We have been led to believe that soybean acreage will also be larger than last year even though some of the cotton land used for beans in 1959 may be returned to the former commodity this year. In the past there have normally been close to 100 million acres available in the corn belt for this cereal or soybeans, and, when one increases, it does so at the expense of the other. Almost 110 million acres combined were harvested last fall and even though some of this land came from reduced oat seedings, apparently acreage has expanded from the so-called corn belt to other areas. It is, therefore, hard to reconcile acreage increases in both of these commodities in 1960, particularly as cotton, wheat and other grain production is anticipated on an acreage equal to or more than that of last year, so the statistics on intention to plant will be most interesting when released next month.

The government announced a revised export figure on soybeans since October 1st which reduced the number of bushels shipped by 6 million. This past week clearances totaled 1.4 million, and since the start of the season the new figure is 62.6 million vs 49.8 million by last year at this date.

Free stocks of wheat in Chicago decreased 338,000 bu last week, leaving 7 1/2 million, but we note that amounts in deliverable positions declined only 50,000 bu. Supplies of corn also decreased 215,000 bu, leaving free stocks of 8 1/4 million bu.

Markets were generally quiet though better supported early today with some short covering following recent weakness the main feature. Rallies did not hold. In the Southwest increased amounts of wheat were purchased by line elevators, and though farm selling is not considered heavy, certainly a pick-up in offerings has developed. The revised cumulative export figures of soybeans are certainly disappointing and it might be difficult to renew enthusiasm in view of this.

Primary receipts of wheat totaled 954,000 bu vs 1.1 million last week and 1.3 million a year ago today. Kansas City and Minneapolis stocks decreased 33,000 bu so far this week.

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CHICAGO, 4 February 3, 1960

We are approaching the period when very often crop scares make their appearance. February 22nd has often been designated as a date when either high winds, erosion, or alternate freezing and thawing start to affect winter wheat crops, and since we have had a period of comparatively warm weather during the past week or ten days, which replaced the colder air of the preceding period, there still could be some damage if low temperatures should return without adequate snow protection. Winter wheat continues to look good; however, the snow cover has been less than usual in the eastern portion of the country. In the Southern Great Plains, plants are still mostly dormant but higher temperatures are beginning to bring on some growth. Drying fields permitted some grazing in central and western Oklahoma.

In recent years when surpluses were so large crop scares did not have their usual effect. The trade figured that whether the winter wheat yield were 50 or 100 million bu larger or smaller was not too important. It should be considered that in times past crop scares were most effective when we were booking a fair amount of export business during the early spring months on shipments that were to be made during July and August. These forward sales are not being accomplished because with the government program of subsidizing exports, the price to European importers remains more or less stable. Therefore, there is no incentive to lay up stocks when it is known that shortages will not exist and that purchases can be made just as well a month or two hence, so that as a result these sales are more evenly spread over a monthly period without anyone reaching for supplies. The writer can recall situations when anywhere from 35 to 40 million bu new crop wheat futures were bought by exporters in the months of March, April, and May, so that there was a foundation for a bull market when speculative purchases came into the pit, reflecting adverse weather conditions. This, of course, is no longer the case. We hardly know of any long hedges that have been acquired for protection against next summer's shipments. Conversely, we think that there has been some July wheat sold by hedgers who were a little apprehensive that a shortage of red wheat in Chicago might make a hedging position in March or May hazardous. Nevertheless, new crop futures have recently gained on old crop months by as much as 5¢ per bu, with the weekly decreases here in Chicago probably smaller than had been expected. As we pointed out lately, if the weekly declines in red wheat stocks are no greater than they have been, we may still have 3 to 3 1/2 million bu of wheat available in Chicago next May.

The Nebraska weekly crop report issued this morning spoke of milder weather which had caused melting of snow, and they pointed out that winter grain conditions were spotted. Some plantings of wheat and rye had been lost through heavier soil blowing, erosion, and exposure, especially on the lighter sandy soils in the West. Some wet fields in central and eastern counties have a good appearance. They, too, were hit by high winds and exposed to low temperatures during January The amount of damage or abandonment cannot be foretold until the wheat plant emerges from dormancy in the spring.

With respect to Europe, Broomhall's Foreign Crop Summary spoke of milder weather except for some sections in the central, northern, and eastern portions, with temperatures below the freezing mark. Thus far there have been few complaints regarding crop outlook. In France, grains still show good promise, while Western Germany has had few complaints thus far, but it is reported that snow cover is lacking. As for Italy winter grains generally have a good appearance.

Primary receipts of wheat were small at only 549,000 bu, which was less than last week or last year, but the market, after a little firmness early, receded and while there was no great activity volume seemed to be a little better than the day before. A fair amount of spreading took place with the new crop months comparatively firm so that there was a narrowing of spreads between old and new crop. Flour demand remained slow. Corn did a little better. The offerings from the country are not large, but otherwise there is not much news to affect this cereal. Oats advanced on small buying orders which found pit offerings light. Beans were steady for a time but there was good selling of March. The sentiment continues bearish, and apparently the short term outlook is not encouraging although this could change later as we make heavier inroads into the surplus. Rye tended upward without much trade. Extreme bulges met some realizing sales. Oils were weak with a season's low for March.

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CHICAGO, 4 February 4, 1960

Because this is an election year, it is featured by campaigning between members of political parties over major issues, one of which is the farm program. The President is expected to send a message to Congress on this subject within the week. Since past measures have failed, there is much room for improvement, and many practical ideas have been suggested, in most cases to no avail. Experts have told us not to become too hopeful, as it presently appears as though no new constructive bills will be passed in the current session. This is hard to believe, in view of results, as Benson's lowering of supports and acreage reserve policies have failed, inasmuch as farmers have increased per-acre production in an effort to overcome lower prices and idle land. It was encouraging to us to see new-legislation suggested such as direct subsidy payments for wheat and payment-in-kind for corn farmers.

We learned last October that reducing the loan along with the repeal of production controls had only invited trouble, and the 4.3 billion bu corn crop harvested last year will attest to this point. This program will be continued for corn in 1960 and the Farm Bureau Federation has backed the Administration in theory, with the same idea for wheat. This can only add to surpluses, which right now are the root of the evil. The most proper first step should be the question of surpluses and a method of sterilization, or preferably, disposal should be devised so that these tremendous grain reserves will no longer offer competition with newly harvested crops. Once that is accomplished almost any sensible program will operate effectively, as free market forces would tend to establish fair prices, which in turn would govern supply and demand. We hope administrative and legislative discussions of these issues are not solely for political positioning, but are instead based on the realization that to continue under present conditions eventually might prove ruinous to the farm economy.

One of the most influential factors governing the bean market has been the weakness of the products. Oil futures recorded new lows shortly after the opening this morning, which reflects world supplies of fats and oils. Though meal prices have been comparatively bolstered recently, they now tend to sag, and beans are affected with the March discount widening. It was thought that some of the Chicago stocks might be shipped by barge to the Gulf for export in conjunction with the new competitive freight rates, but we are told that barges are not readily available. Liquidation by longs has been a feature and all months are close to their crop lows, as free supplies are plentiful and export sales have been somewhat disappointing.

Corn has been relatively strong the past few trading sessions as country pressure is lacking. We continually receive reports that this grain is not grading satisfactorily for impounding, and it is generally felt that quite sizeable free marketings will be witnessed when road conditions improve and warmer temperatures prevail. There is quite a bit of wheat export business pending, but so far red wheat has not been mentioned. Southwestern advices mention that their market will remain firm the balance of the crop year, reflecting these sales, as well as amounts placed in the loan, although some of these might be redeemed.

Moisture reports from the Southwest were good, particularly in the Texas Panhandle and Oklahoma. As winter wheat is dormant, it is too early in the season to tell accurately the condition of the crop. The CCC is evidently selling more binsite corn, however not in large proportions. Sales last week were almost double those of the previous week. Soybean meal declined as much as $1.50 from yesterday, and the price of $57 a ton bulk Decatur is the lowest level in two months.

The Argentine wheat crop now harvested is officially estimated at 204 million bu compared with an earlier forecast of 197 million vs. last year's outturn of 246 million. This should give that country a surplus of about 70 million bu plus a moderate reserve from last year. Exports of wheat since July 1st from the U.S. totaled 229 million vs. 241 million by this date last year, according to Broomhall. Shipments of corn since October 1st amounted to 75 million vs. 73.5 million last year, and oats 29.4 vs. 15.5, and rye 3.6 vs. 6.6 million in 1959.

Last week an authorization for red wheat to the UAR was cancelled with the understanding that this wheat would likely be transferred to Poland. This has now occurred but no additional quantities are involved and shipment may extend into new crop.

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CHICAGO, 4 February 5, 1960

It is generally surmised that President Eisenhower's special farm message to Congress has been delayed owing to the fact that certain influential Senators from the farm states have urged important revisions, and there have even been complaints that there were no prior discussions before release of the message. Agriculture Department sources confirmed that there has been considerable dissatisfaction about the farm message, and while it is not known exactly what proposals have been made, it is naturally assumed that these will fall in line with the suggestions already outlined in the President's budget message. His hopes at that time were for cutting wheat surpluses by repealing allproduction controls, while at the same time reducing support prices. Coupled with this, Secretary Benson has proposed expansion of the Soil Bank to take more farm land out of production. If this is the gist of the changes that are being contemplated, we, too, are disappointed because we had hoped that the colossal failure of the wheat program would be followed by something more constructive.

It has always been our firm belief that there is no substitute for free markets. Government programs are gradually but surely doing everything possible to lessen the effectiveness of futures trading. This is borne out more particularly in cotton, where contraction of business has almost dried trade to a point where both hedging and speculative possibilities have nearly vanished. This in itself is serious enough, but when it happens at a time that other programs are being recommended that have failed in their attempts to solve our agricultural problems, we feel that it is necessary to point out the errors of reasoning. First of all, we have already put into effect a somewhat similar program for corn, whereby the support price was dropped and unlimited acreages were permitted. The result in a year's time is that surpluses have been built up even to a greater extent and our corn supply for 1959-60 is estimated at 5,892 million bu, which is 620 million above the previous record supply of last year and more than 1.5 billion bu above the 1953-57 average. Both production and carryover set new records for the current season. It is likely that we shall have more than 2 billion bu in the reserve supply next October. Thus we say that if the same pattern were followed in wheat, the results might be just as disastrous.

Next is the question of further pressing the Cropland Retirement Program; it, too, has been a disappointment. We have seen time after time where farmers have put out large quantities of grass seed and legumes to be used in seeding crop retirement land. In almost every instance we have found that the farmer was putting land under the Soil Conservation Program that had never been productive. Naturally it was the poorest land that he had on his farm. On some farms in Minnesota the situation was even more pronounced. In that area where there was much wooded land, farmers had taken advantage of this Cropland Retirement Program so that the government was paying good money for land which never would produce. Let us keep in mind that North Dakota reduced its wheat acreage from around 13 to 7 million acres since the time that allotments started. At about the same time some of the Eastern states, with their 15-acre program, have witnessed crop increases in almost every state. There is no way to hinder technology, and as a great agricultural nation we should not even attempt it. However, with better tillage methods and the use of fertilizers, yields per acre have been increasing steadily, and we have been raising the largest wheat crops in history and, moreover, our total agricultural output just recently was the highest on record and yet it was produced on the smallest acreage since 1919. Since 1949, we have cut back harvested wheat acreage by over 20 million acres, and yet largely under artificial pricing, we have accumulated by far the greatest surplus in our history.

There was no importance to today's statistics. On Monday when the visible is posted of wheat it will compare with last year's decrease of 3.1 million bu. There was a fair export business in western white wheat to India; exporters – did buy some futures early but it was no doubt against other sales. Pressure continued light, although flour demand showed no pick-up. Corn was steady but continued its indifferent action. However, there was a little buying of soybeans for both speculative and commercial account. Despite the large supplies in various positions we are making some inroads into the accumulations, although crushings are a little smaller than some had hoped for. Rye did better today but this was not too surprising after a lengthy period of declines.

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CHICAGO, 4 February 8, 1960

The present quality of corn could be a major factor in the price trend of the Chicago futures market in the coming months. This grain must be 21% moisture or less through February to qualify for the loan, 19 1/2% during March, 18% in April, and 16% in May. Last October's harvest was extremely large, but many producers admittedly raised corn strictly for the support program though some encouragement was given because high hog prices last year prompted breeding on a heavier scale, and it appeared early in the season as though a big pig crop might take up much of the slack. However, declining animal prices curtailed spring production by 11%, and it now seems likely that little more than last season's 3.7 billion bu overall will be utilized in the current crop year. Many farmers are now deterred from taking advantage of the loan because of moisture, and some areas, particularly in the western sections of the corn belt, report content as highas 24%. Up to now sales in Illinois have been comparatively slow though road conditions are partly to blame, plus the fact that time remains for quality to improve as the loan sign-up deadline for corn is not until the end of May. Meanwhile farm storage is practical, as free market prices are at a big discount, and it remains to be seen eventually how much grain does not meet the grade requirements for impounding. Regardless of ownership, carryover supplies are currently estimated in excess of 2 billion bu, and assuming normal growing weather another 4 billion seems most likely next fall.

The Department of Agriculture has announced a reseal program on farm-storage, price supported grains, including corn, wheat, barley, and sorghums. This is a continuation of the policy that has been in effect on each of these grainsexcept barley for the past few years. It permits farmers to earn storage payments during the time that grain is under reseal, and additionally this provides an incentive to keep feed grains available in production areas where they can be used locally. At the same time the Department fixed a $50,000 ceiling each on the total price support that one farmer can obtain this year on his soybeans, oats, cottonseed, and flaxseed crops. This limitation has been in effect since last August on wheat, but a farmer can avoid this ceiling if he agrees to reduce his acreage by as much as 20% below the preceding year. A farmer can receive in excess of $50,000, but must pay back with interest in a period of a year's time any excess obligation.

The soybean picture continues temporarily bearish on the surface. Private estimates regarding the January crush indicate that no more than 33 1/2 million bu will have been utilized which compares with almost 37 million bu in the same month of 1959. It is thought that February crushings will also fall below those of the like month last year. Consequently, disappearance is at a less than expected rate. Exports are also discouraging, and the Department of Agriculture has again revised their figures so that shipments since October 1st now total 59.8 million bu instead of the 62.6 million earlier reported. At the same time demand for the products is not keen, particularly the oil which hovers near the crop low. Cash meal has declined substantially the past month, and crushing figures seem to indicate that demand has slackened somewhat. The number of free beans available for marketing will be substantially greater than last year and no doubt will be available on any firmness in price. Much of this may have been discounted, but as long as the open interest remains large, the market appears vulnerable.

Supplies of wheat in Chicago declined only 223,000 bu including that which is afloat, and if this rate continues amounts should be adequate for delivery in March and possibly May. Consequently these months could continue to lose on the July future. Corn decreased only 62,000 bu, and oats increased 159,000 – leaving 1.7 million bu of this grain here. Rye decreased 73,000 and only 1.8 million bu remains. Bean stocks including those afloat declined 270,000 bu, but more than 11 million bu are still in local elevators.

Markets were on the quiet side early and price changes were minor, though beans recovered sharply near the close. Wheat also firmed fractionally with little feature. Farm selling in the Southwest is light, but prices are fully 5¢ above the loan so that redemptions could occur.

The President is expected to submit his special farm message to Congress tomorrow which eveidently had been delayed because of dissatisfaction on part of several Republican wheat state senators.

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CHICAGO, 4 February 9, 1960

From 1776 to the present time this country has spent $104.4 billion on research and development. Half of these expenditures were made since 1954, or within a period of about 5 years. According to a projection recently made, the expenditures during the next decade alone will amount to nearly twice as many dollars as in the previous history of the U.S. While this seems startling, it comes from no one less than James F. Young, General Manager of the General Electric Engineering Laboratory. These fabulous sums are being expended because we need more research and education on the development of new products, new uses, and new processes. There has been more agricultural progress during the past 50 years than in all prior recorded history. Some authorities tell us that the next 15 years may bring as much progress as the past 50. Some economists have estimated that if farmers today were no more efficient than they were in 1940, consumers would have to pay $8 to $10 billion more for the food they purchase. It is no wonder that American agriculture is the envy of the world. It is no wonder that our people are so well fed. Unfortunately, however, we have not, with all our knowledge, found methods of properly distributing the surpluses to bring about a better balance, and it is this situation, and particularly the glut of wheat, that prompted President Eisenhower to deliver his farm speech to the Congress today.

President Eisenhower gave Congress wide latitude to write new farm laws but pointed out that unless constructive action were taken promptly, the danger to the country would be very real, and that the entire farm program would collapse under pressure of public indignation. He set forth certain recommendations and described the wheat situation as particularly acute, pointing out that $3.5 billion in federal funds is tied up in that program alone. He contended that he had repeatedly expressed his preference for programs that would subject the farmer to fewer rather than to more government restrictions. However, he felt strongly that support levels should be realistically related to whatever policy the Congress chooses in respect to production controls, giving thought to the fact that the higher the support, the more the farmer would be regimented. Therefore, he believed that price support levels not be so high as to stimulate still more excessive production, thus reducing domestic markets and increasing subsidies required to carry on exports. He is very much against subsidy payments and would avoid a two-price system, which some of his opponents had advanced. In other words, he looks with disfavor upon paying farmers the difference between market prices and a given support level. Multiple price plans, he claimed, would provide little or no support on commodities sold on world markets but would only furnish supports for those grown for domestic use. Finally the President stated that he was ready to approve any one of a combination of constructive proposals, which meet these conditions. He would, of course, continue the use of "Food for Peace Program" under which surpluses are shipped abroad.

Little attention was devoted to corn, which in dollars and cents is our biggest crop. He merely pointed out that the program already adopted was still new and should be given a chance to demonstrate what it could do. One clearly defined proposal in the program was a suggestion that farmers who participated in the Soil BankProgram might be given payments-in-kind from the accumulated stocks held by the government.

Statistics were not of much consequence. The primary wheat movement was 917,000 bu which was a little less than last week and compared with 1.2 million bu last year. Kansas City and Minneapolis stocks showed practically no net change. Chicago stocks of free wheat declined 223,000 bu, leaving 7.3 million here. Corn decreased only 60,000 bu, leaving more than 8 million bu here.

For quite a while after the President's farm message we had quiet and unchanged markets in wheat, but later on the new-crop months advanced to thehighest point of the season, despite optimistic reports from the winter wheat belt. The government weekly spoke favorably of moisture conditions, and in Kansas prospects brightened in the central third and continued good to excellent in the west. In Oklahoma, a long period of moderate to heavy precipitation limited farm activity. Texas had 1 to 2 inches of rain over most of the state except in the extreme south, while snow in the Panhandle slowed up field work. Beans are still in a small trading range. Some rye futures were higher on local buying.

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CHICAGO, 4 February 10, 1960

The most significant factor presently concerning the Chicago wheat market is whether or not local free stocks will be sufficiently available in May. It appears as though only small reductions will occur between now and the first of March; consequently, the nearby future has gone to a discount under the May, and this difference could widen even more.

The question remains whether large export shipments will be made, and if so, whether or not red wheat in Chicago would be required to fill these sales. On that subject we can refer to a very interesting speech delivered in January a year ago, by Mr. Clifford G. Pulvermacher, of the Commodity Stabilization Service. At that time he discussed the subject of U.S. red wheat rather broadly, and the policy of the Department of Agriculture was made clear, insofar as controlexercised by them over foreign sales and the relationship to carryover supplies. The problem of the Department was to determine how much red wheat would be used domestically, the quantity exported for dollars, and then what would be considered an adequate amount for carryover. This difference was termed "surplus" and, therefore, made eligible for shipment under P. L. 480. With this background, Mr. Pulvermacher talked of the 1957 crop of soft red wheat, which totaled 155 million bu. During the course of the season domestic disappearance was in line with the projected estimate of 135 to 140 million bu, but exports were progressing at a much greater ratethan anticipated, and it was feared that possibly the carryover on July 1, 1958, would be less than the 10 million bu minimum figure considered adequate. Therefore, steps were taken to reduce amounts of this class of grain available for subsequent P. L. 480 agreements. Even so, at the end of that crop year, the reserve amount of red wheat totaled only 6 million bu, which was below desirable levels. In other words, the Agriculture Department decided it necessary to insure a larger reserve margin the following season, and the P. L. 480 programming was developed along those lines. It was felt that a carryover of between 15 and 20 million bu would be adequate, and would protect against a price squeeze, as past experience had taught. Eventually 19 million bu was carried over from the 1958 crop, and as a large percentage was in Chicago, prices reflected this, and May wheat finally sold below the price of July.

Conditions appear somewhat similar this season. As a matter of fact, the present export price of soft red variety is 17¢ below that of hard, and foreign demand is singularly lacking. The UAR even turned down their P. L. 480 authorization, which subsequently went to Poland. Total projected exports of red wheat, including flour for this season are 29 million bu vs. 43 million cleared last year. Chicago is the major terminal market for this wheat and comparisons of price differentials between May and July on the Chicago Board of Trade have reflected the supply situation at the end of each crop season.

The past week's statistics show soybean exports at 3 million vs. 2.2 million the same week last year. Since October 1st, total sales are 14 million bu in excess of the same period last season. Otherwise there is little news except for weather, which made itself felt over the entire grain belt. Heavy snows covered much of Iowa, northern Illinois, and Indiana. The Southwest reported some snow and general rainfall, as did other sections of the wheat and corn belts. This is quite beneficial for fall-seeded grains but may temporarily slow country sales.

Primary receipts of wheat amounted to a little over 1/2 million bu, in line with last week, and compare with 968,000 last year. Kansas City and Minneapolis stocks increased 21,000 bu so far this week. Flour business is slow and export interest has quieted at least temporarily. Some first-hand wheat has been sold in the Southwest as prices have been firm.

Markets were under pressure during the session, and beans in particular were weak. Nearby meal also declined, as the cash demand has not been keen. Old-crop wheat was lower. There is talk of deliveries on the March contract the first of next month. There was evidently some spreading between old and new-crop months, as the latter recorded crop highs in spite of the fine crop reports and the beneficial moisture currently being received. Cornprices eased somewhat, although this cereal has traded in a narrow range for some time now. It is generally reported that comparatively mild temperatures and wet weather this winter have kept this grain from drying sufficiently to meet loan standards; therefore pressure could develop later on.

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CHICAGO, 4 February 11, 1960

As we look over the past decade, we find that farm production has increased faster than population, and this has been the case in almost every year since 1950. The outturn of various grain crops taken as a whole closed the decade at a record level, with a few minor exceptions, such as oats, but feed grains were in plentiful supply, and the upward trend in yields and the expansion in livestock numbers have permitted our people to eat well, and still we have been building up surpluses.

Had it not been for the large exports of wheat, onr problem of accumulation would have been even more severe. Shipments of wheat and flour have risen considerably in the last few years, and this was brought about largely through the help of government programs. Total dollar sales have remained fairly stable at about 150 million bu annually, but sales for foreign currencies under P.L. 480 have increased steadily since 1954-55. Last year they accounted for over one-half the total U.S. wheat exports. Barter transactions, after reaching a volume of over 86 million bu in 1956-57, accounted for only 10 million to 20 million bu in each of the past two seasons. We can generally count on about one-third of the wheat produced in this country to be exported, and again this season it looks as though about 440 million bu will be shipped. This means that the equivalent of all the wheat that was raised last summer in Texas, Oklahoma, Nebraska, and Kansas will be shipped abroad, plus a little extra wheat from other states.

It is not difficult to imagine what would have happened if we had lacked this source of demand, although it is interesting to note that shipments to Europe are declining primarily because of increased production in many parts of the Continent, but at the same time exports to Asia, Latin America, and Africa have increased and are expected to continue at an accelerated rate in the current crop year. India has been one of the largest factors in these calculations. Having raised more than 1.1 billion bu in this country, it is fortunate that we have been able to maintain these outlets. Still we expect that the carryover reserve on July 1st of this year will show some increase, and with favorable moisture conditions over the winter wheat belt, we may reasonably expect another large crop next summer.

It is because of these conditions that the administration and the Congress are so intent upon finding a way to solve our problems. Washington advices yesterday told of a new plan sponsored by 16 House Democrats that would pay farmers direct federal subsidies if prices fell too low. This is entirely contrary to what the President had asked for in his farm message a few days ago. Under their program price supports would beabdished with thehope of putting an end to the piling up of government-held surpluses. In the evert that two-thirds of the producers of any one crop agreed to limited production, they would in an emergency be entitled to compensatory payments. This would, indeed, amount to a government subsidy but would shift it from creating high prices in the market place by keeping basic commodities at an artificial level. Under our present system we pay another subsidy returning the export price to a world level, which thus far has been costly and complicated. The build-up of personnel and bureaucracy, not to speak of the accumulations themselves that weighed heavily on the market, has proved to be a drastic failure over a long period of years. We had predicted when these steps were first taken that the situation would become worse and worse, and that as surpluses pyramided they would, of necessity, exert a depressing influence on the price of current crops.

There was nothing important in the statistical news. The Crop Reporting Board spoke rather favorably of the winter wheat outlook, and in spite of some late planting last fall with limited growth moisture supplies are sufficient to provide a good spring start once temperatures begin to rise. There was a little buying of March wheat, apparently the lifting of hedges against some red wheat sold out of this market for scattered shipment. New-crop wheat futures were at a season's high. Soybeans were somewhat weaker early but advanced on short covering. The crush, in spite of an active season's start, seems now only to be holding about even with that of last year. Meanwhile processor margins have dropped sharply, and oil stocks are piling up. Nearby rye futures were a little higher, with the deferred months lower. Corn continues to be very inactive, but prices were firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 February 12, 1960

A new agreement has been signed with Poland whereby the U. S. will sell 41 1/2 million worth of surplus wheat. The 22 million bu involved will be paid or in Zlotys, currency of Poland, and has been termed by Secretary Benson as an illustration of the President's Food for Peace Program." We have now sold hat country $235.6 million worth of farm surpluses since the first agreement was onsummated in June 1957. Only about one-fourth of the amount specified will be hipped by May 31st, and the balance has been authorized for shipment at a later ate. Included in the amount for near-term clearance is 75,000 metric tons of soft ed wheat or mixed class containing red wheat. This is part of the P. L. 480 auhorization that originally had been designated for the UAR, but the funds for which earlier had been transferred to this Polish authorization. Exporters are of the opinion that there is little chance of additional sales of this variety of wheat to Poland n the present crop year.

It is true that mill demand for red wheat is just as important as export nterest if quantities involved are large. Sales made from Chicago stocks yesterday approximated 1/4 million bu, but shipments will be made over a period of 6 weeks, so there is no indication of large scale milling demand in this market yet. Old crop futures have had a firm undertone, influenced partly by the tight hard wheat situation in the Southwest, and at the same time strength has been witnessed in new crop months. July wheat has been at a big discount below the loan and remains so although its recent rise placed it at a more debatable level. Beneficial moisture has been received quite generally, and even where cold weather is being experienced, snow covering offers protection in many areas. Wheat is currently dormant but the crop outlook, especially for late-planted grains, is optimistic.

The late rally in soybeans yesterday was featured in great part by short-covering. Local sentiment had been quite bearish as meal and oil have been unable to hold rallies. Conversion ratio the first quarter of this year does not compare favorably with the same period last year, and a larger number of free beans are available so that producers might be more willing sellers on firm spots. The rate of crush thus far has been about equal to the first 4 months the previous season. Meal exports have been greater than last year but the build-up of edible oil stocks is so large that the crushing conversion has been adversely affected.

Less attention has been given oats as this market has traded in a comparatively narrow range. However, prices have reacted about 4¢ from recently established crop highs. Interest now centers around deliveries and, as 1.7 million bu of this cereal is stored in local elevators, it is likely that some will be tendered the first of next month. One commercial firm in particular has supported the nearby future and might possibly take delivery if any oats are tendered. As this is the only feed grain not in excess supply, there is more hope for price improvement here than in any other grain.

As of December 31st, CCC investment in price support programs exceeded $9 billion, made up of loans outstanding of $1.7 billion, and inventories of $7.4 billion, cost value. Price support operations in five commodities, including wheat, tobacco, corn, soybeans, and grain sorghums, accounted for the bulk of the loans.

Primary receipts of wheat totaled 755,000 bu, the same as last week and less than a year ago. When the visible supply is posted Monday it will compare with a decrease of 918,000 bu in 1959. Kansas City and Minneapolis stocks of this grain increased 75,000 bu this week. Corn primaries are less than last week and last year, but road conditions in the country have halted the flow of all grains. The five-day forecast indicates little additional moisture and temperatures moderating somewhat.

An exporter bought wheat early in the session, no doubt against the sale of 100,000 tons of hard wheat sold to Brazil, Gulf shipment. This stimulated the market and a fair amount of short covering occurred, influenced probably by the Polish authorization which undoubtedly caused traders to worry whether Chicago stocks of red wheat might be used. Otherwise markets were comparatively quiet. Soybeans were a shade lower, and processors continue purchasing March, and in many cases selling distant contracts. This appears to be mainly a transfer of hedges to later months, but the nearby has actually lost ground with deliverable supplies seemingly adequate to accommodate near-term demand.

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CHICAGO, 4 February 15, 1960

Taxation has reached a point where very few individuals are able to save noney, and it matters little whether they are in the lower or higher income tax rackets. It would be a great relief if taxes could be cut, but after looking at some f the factors in the budget, there is some doubt whether much can be done for the ext few years, even assuming that Congress does not enact any new programs ntailing heavy expenditures.

Budget chief, Maurice H. Stans, was in Chicago just a few weeks ago, and pointed out that our present national debt is about $290 billion. He warned that this was only the amount that happens to be the interest bearing portion of our obligations. It does not, however, include liability for military retirement of $30 billion. Moreover, we already owe accured liability for retirement of government civilian employees of $28 billion. Our unfunded present accrual for future pensions and compensations and benefit to veterans is about $300 billion more than the national debt itself. The merchant marine subsidies under contracts already executed will cost us $4.5 billion in the future. Our commitments for public housing to support public housing projects amount to $5.5 billion in the future. Our civil public works projects already under way will cost us $7 billion more before they are completed, and there is a waiting list of $10 billion for authorized projects ready to be started. It will cost us over $30 billion to complete the interstate highway systems. It is not difficult, therefore, to realize that the federal government is piling up I.O.U.'s for the future at an astounding pace, and if we add together the various items just enumerated, plus a number of smaller ones not mentioned, we have the incredible total of $750 billion. This is the government's mortgage on America's future and is an obligation on ourselves and our children beyond the regular annual cost of defense and commerce and welfare.

Before our market opened this morning, we had reports of moisture from the Southwest. This was largely in the form of snow with the heaviest fall at Lamar, Colorado, that reached 14 inches, and the amounts were generally lighter over Kansas and Oklahoma, with one inch at Amarillo last night and 6 inches thus far at Enid, Oklahoma.

The Southwestern Miller said that exporters again occupied a most important place in cash trade, and they were bidding actively for number one hard wheat at 26¢ over Kansas City March, track Gulf, which was a new season's high, but even at this price only moderately increased amounts were coming out. The action of the Kansas City market will naturally have some influence on the old crop wheat futures in Chicago, although red wheat will finally divorce us to some extent from the export demand unless supplies of soft wheat in the East are insufficient and we are called upon to furnish some of the grain that has been allocated to Poland. We still believe that the government in order to protect the soft winter wheat millers has not granted authorizations for shipment abroad in excess of our supply. If this be correct, then we should have adequate stocks before another harvest is available.

Chicago wheat stocks during the week declined 224,000 bu, leaving 7 million bu here. If we have similar declines each week until May 1st there would be a further reduction of about 2 1/2 million bu, which would leave us with a supply of 4 1/2 million bu, which in our opinion would be more than adequate. Today, the first weakness came in the new crop futures, and this was a reflection of fine snows which had fallen over many parts of the Southwest, the heaviest being in Colorado, and parts of Oklahoma, but the map is still unsettled, and the land may be visited with more snow during the next 48 hours.

Later on old crop wheat futures also declined, so that the relative difference between old and new crop positions was not much changed from last Friday. Soft wheat flour business is fairly heavy; in fact, the best in months although not particularly widespread. In our opinion, the allocations that have been granted on soft red winter wheat were with the view of not depleting our stocks severely as was the cast two years ago. Corn futures did very little; in fact, the market has been in a rut for sometime. Beans were weak, processors are still complaining that conversions are not satisfactory, and with lower prices for meal the market weakened and the March future was down more than the later months.

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CHICAGO, 4 February 16, 1960

The primary objective of our forefathers was to insure maximum reedom of action and equality of opportunity to every citizen in his personal and business affairs. In order to gain these freedoms, we struggled through the Revolutionary War to fight for what we regarded as our liberty. It was a rebellion against the planned economy of the government of King George III. After the victory was won, we were in no mood to endorse in some new form what had been rejected in an old form. Through the centuries we followed this philosophy, and in so doing we led every other nation in the production and use of steel, rubber, oil, clothing, books, housing, medicines, meat, milk, and almost any other product or service that the people wanted or needed. It was only during the past three decades that we reverted from these policies and gradually restricted our farmers from doing with their land what they always had. Unhappily, the results have not been good, and this is fully recognized at the present time.

We fail to see how the recommended objectives will bring about much of a change, nor do we endorse the logic. On the one hand we are telling wheat farmers that we will give them back their freedoms and that we will do away with planting controls, while at the same time price supports will be dropped in order to solve the problem of wheat. Though giving them the privilege of using their land, we almost in the same breath recommend expanding the Soil Bank through which farmers are paid a bonus for taking land out of production, possibly to the tune of 60 million acres. This would be almost triple the present program under which 22.4 million acres had been retired. We tell farmers that we are against any payment of subsidies because this is a trend toward Socialism. Simultaneously there is a request for a Soil Bank of 60 million acres-- a major policy shift that would cost the taxpayer about a billion dollars a year unless part of the expense is met through payments-in-kind rather than in money. We tell our legislators that no direct subsidy payments to farmers under the so-called Brannan Plan are advisable but that we will continue to pay subsidies on wheat that is to be exported if the domestic price is higher than the world level. Administration aides say that effective controls mean something much stricter than the present system of acreage allotments, which farmers have been beating by wringing more and more production out of every acre. Yet we tell these farmers that we are anxious to restore their freedoms and with the money they get for retiring their land, they farm remaining acres more intensively, so that with better technological methods the yields continue to increase.

Primary receipts of wheat today amounted to 729,000 bu, which compared with 917,000 bu last week, and 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 16,000 bu. The wheat visible decreased 3.8 million bu, leaving 377.6 million in all positions, which is 28.4 million bu more than last year. The corn visible, in spite of a small decrease, is still 20.5 million bu larger than a year ago. There was a decrease of 1.1 million bu in the bean visible, leaving the total stock just less than 31 million, or 2 1/2 million more than last season.

We figure that the carry-in of soft red winter wheat last July amounted to about 19 million bu. Together with the crop, we had a total supply of 184 million bu. Against this the domestic consumption of red wheat will probably account for 138 million bu. If our total exports for the season run from 29 to 30 million bu, including that which is exported in the form of flour, we should end the crop year with a reserve of 16 to 17 million bu. This would be slightlyless than a year ago, but would compare with about 6 million bu two years ago when the quantity was inadequate, and when old-crop futures sold at a very big premium over May. As we view the situation, we should finally have enough red wheat in the domestic stock to reduce the present premiumof May over July. Liquidating markets were the feature in beans with new-crop lows registered for allof the nearby futures. After the urgent selling was over there were some recoveries. A processor was a good buyer of March. Wheat futures were very firm for the nearby, and exporters bought red wheat, mostly in the East, with some Kansas City futures also purchased. The rye market was thin; locals who apparently were short covered causing a sharp rally. The government weekly crop report was favorable. Winter wheat made fairly good progress, and the outlook remains favorable as moisture supplies are plentiful.

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CHICAGO, 4

February 17, 1960

Four and one-half decades ago this writer attended one of the large agricultural colleges in the country, and at that time the professors were teaching courses in soil management showing the great strides that could be made with proper fertilizers. Most farmers who had been on their land for years, and whose fathers had farmed before them, scoffed at the idea of doing anything new, with the result that it was some time before new techniques were put into practice. Much of our improvement in yields has been brought about through a better understanding of what fertilizers could accomplish when properly used. Today we find that there has been an increase of about $1 billion in their use since World War II. Other improvements have also been costly, as, for example, farmers are spending an additional $2.5 billion per year for labor and operation of motor vehicles and machinery, including $1.2 billion for petroleum fuel and oil alone. Depreciation charges have contributed $3.1 billion to the over-all increase during this period, and, of course, the more machinery that is bought every year, the more obsolescence that is encountered and the wearing out of machinery, which is costly.

As an offset to this we find that in the past 20 years the average yield of corn has gone from 34 bu to 56 and the yield of oats from 31 bu to 48. Two decades ago only 10 to 15% of the hay produced on corn belt farms was machine baled. Now the figure is 90%. Less than 30% of the corn was picked by machine, now over 90% is so handled. Since 1947, the yield per harvested acre for the four major grain crops combined: namely, corn, oats, soybeans, and wheat, has increased 37%. This sizeable improvement is largely the result of increased use of fertilizers. In the seven-year period, 1947-54, the use of nitrogen on corn, oats, and barley increased 208% and the application of potash rose 148%. In comparison tests run in 1954, the Department of Agriculture learned that a fertilized acre produced 23 more bu of corn, 19 more bu of oats, and 17 more of wheat than an unfertilized acre.

It is not surprising, therefore, that the present generation of farmers has taken kindly to modern methods, and this, of course, extends to almost every phase of agriculture, not only because of the greater efficiency, but also, due to labor-saving, etc. Milk production per cow has increased by one-third in the past two decades, while the labor time for producing a hundredweight of milk has dropped by one-third. All told the technological revolution has enabled our agriculture to increase production in the past 20 years 50% faster than population has grown.

Primary receipts of wheat were light today at 590,000 bu, they were a little larger than last week, but compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 72,000 bu.

Flour sales which had been a little better for a day or two contracted again, and according to The Southwestern Miller, volume in the Southwest was well below 25% of capacity, and only slightly better than a third of full-time in the Northwest. We heard that due to fairly good prices in the Southwest that CCC sold about 1/2 million bu of their wheat at formula price, although this was limited to a small area in Texas. It leads us to believe that when the impounding figures are released this afternoon, and they also show the amount of redemptions, there may have been a fair quantity of wheat that could have come out of the loan, and it will be interesting to see whether these views are confirmed. Generally, the final figure showing the amount under loan, comes out 15 days after we get the report on January changes, but today's figure should fairly accurately reflect the situation, particularly with respect to beans.

Broomhall's Foreign Crop comments were not quite as optimistic, as some concern is expressed over the lack of snow covering in parts of Europe. However, there have been no serious crop reversals to-date, but some apprehension may be experienced if there should be severe temperatures and no snow protection. The drought continues in the northwest part of India, and prospects for wheat are below those of a year ago. Flaxseed, thus far, have held up relatively well in the dry sections. There was quite a break in flax prices at Winnipeg, but of course, the very high prices that prevailed earlier must have restrained foreign buying, and this morning's cable from abroad spoke rather discouragingly of demand. Soybeans, which were weak early, rallied when there was an improvement in meal prices. There was a small range in wheat with no important changes. The same was true of corn

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CHICAGO, 4 February 18, 1960

After the close of the market yesterday, USDA reported on grain price support activities through January 31st. Normally the end of January is the last date for putting grains other than corn under support, but since this date fell on Sunday, producers were permitted to carry the program through February 1st. The figures that were published yesterday were, therefore, not entirely current but a supplemental report, including the extra day and any other revisions, will be issued later this month. For the time being we must accept the data that has just been given us. The amount of wheat under loan increased 33 million bu for the month to a total of nearly 309 million. This is a reduction of 260 million bu as compared with the amount that was impounded last season, but it came as no great surprise since the crop was 333 million bu smaller. What did surprise us a little was that only 30 million bu wheat had been redeemed, and we say this because in parts of the Southwest premiums have been relatively high, and we had looked for a larger quantity to come back into the commercial stock.

As was reported yesterday CCC sold about 1/2 million bu of wheat in Texas under its formula price, and we learned through The Southwestern Miller that additional fair-sized lots of wheat came out again. It was sold mostly to operators of country elevators where it had been stored. It looks to us as though the price would attract both private holdings and more government wheat, at least in the areas where prices remain favorable. On the other hand, there is great variance of price relative to the loan in the Southwest, and while wheat has been high enough in Texas so that the government could sell some of its holdings at the formula price, which is 5¢ over the loan, prices at Kansas City are as much as 5¢ under the gross loan. In the states of Kansas, Oklahoma, and Texas, where 128 million bu was impounded, redemptions have amounted to 15 1/2 million, and it points to the possibility of wheat being redeemed on a fairly active scale.

As for beans, total loan entries amounted to 47.8 million bu vs 124.3 million last year. On the face of it this appears to be a very sharp reduction in view of the fact that the 1959 crop was only 62 million bu smaller. However, early prices were such that the farmer was not induced to impound the very large quantities which he had the year before, and actually yesterday's figure was reasonably large except for the one-year comparison. If our calculations are correct, there is a total of 61 million bu of beans withheld from the market, including the 13 million under reseal; also the Government owns 9 million bu. Therefore, if we export and crush 525 million bu, which has been a current figure, and use 33 million bu for seed next spring, we can more than account for the available stocks. Meanwhile of course, it will take time to make heavier inroads into our accumulations, and the closing down of various processing plants has discouraged many traders who might otherwise have made investment purchases. Corn impoundings of 296 million bu are only 66 million greater than last season even though we produced 561 million bu more than we did in 1958. The figure on rye showed only a little more than a million bushels under support vs 9.1 million a year earlier.

Primary receipts of wheat were 613,000 bu compared with 762,000 bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 138,000 bu.

Wheat prices were about steady, flour demand was relatively unimportant, but there may have been a little export buying against the expected sales to Uruguay. Secretary Benson has asked Congress to cut supports on wheat to 75% of the previous three-year average for 1961-1962 and 1963. This would bring the loan down to $1.30 per bu from the present price of $1.81; after that time he wants supports at 90% of the three-year average that prevailed in the immediate period ahead. The Secretary would eliminate wheat acreage controls and bar sales of wheat from government stock, except on the basis of 100% of the three-year average price used in ~~de~~termining the support level. Other factors were contained in the suggestion--as for example, the Soil Bank, with a liberal expansion. He spoke of the P.L. 480 as becoming increasingly important. Beans rallied early in the session, and fire had destroyed a grain elevator at Latham, Ill., but the losses were comparatively light, including some corn and beans. Best prices did not quite hold, but there seemed to be support coming into the market on breaks. The corn market continued to be inactive, and prices were just a fraction lower. Most of the rye stocks from the last crop are free.

UHLMANN GRAIN CO.

After the close of the market yesterday [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 19, 1960

Most Washington experts have warned that there is little likelihood of major wheat legislation being enacted in the current session. Now, that Mr. Benson has reiterated his desires for a lower support plan based on 75% of the average market price during the past three years and unlimited plantings it seems evident hat Congressional approval will be lacking. The Secretary was warned yesterday y Committee Chairman Cooley that Congress will not accept price cuts along with planting freedom. We think they are right, as evidenced by last year's corn proram. Farmers have and will continue to improve yields per acre production. By 965 it is expected that efficiency in feeding will enable reduction in feed grain equirements per animal unit of between 3 and 4%. Such an improvement would make it possible for reduced acreage needs on the basis of current livestock numbers by some 5 million acres. It is true, a low enough price would eventually force ome farmers off their land, but in the meantime a gradual lessening of government aid only encourages increased output, and additional surpluses as farmers attempt o make up revenue deficits resulting from lower loan rates.

One of the most important factors in the soybean market is the eventual willingness on part of farmers to sell their crop. If the price of country beans were to advance 5¢, selling would likely occur on a fairly large scale. These are reports received from sources in Iowa, as well as other locales, and points out a desire on part of many farmers to take advantage of any increased return as values are still above the loan. At the same time, it is felt that some selling of beans and other grains might be necessary between now and April 15th in order to secure funds to meet income tax payments. Processor shut-downs if they continue on a broad scale, eventually will affect the domestic disappearnace of soybeans. If the conversion ratio is poor enough to discourage the normal operation of plants, the total number of beans crushed this season could be less than 400 million bu currently forecast. The two factors most influential in governing the price level of this commodity will be the number of beans available for carryover; and secondly what amounts are in free supply in relation to the demand. If impounded beans are required by processors or exporters later in the season the market must go to a level at which these beans can be sold. At present the CCC selling formula is the loan plus 20¢.

Exports continue to influence our wheat market, and demand remains quite firm as additional sales were made overnight. Included in these were part of the red wheat authorization to Poland which totals 75,000 tons of this class, and the price of the sale seems cheap in comparison to March in Chicago. In the meantime, country selling of hard wheat in the Southwest is limited in spite of prices in excess of the loan. Export flour business was also of fair size.

Receipts of corn in Chicago, though not excessively large, are quite good for this time of year, and shipments from the Northwest continue in fair volume. Cold weather undoubtedly will allow some of the cereal to dry sufficiently for loan entry. However, reports still indicate that large quantities will not be low enough in moisture content for impounding. If this is true, Chicago futures could be under pressure.

Primary receipts of wheat amounted to 600,000 bu, which is a little less than last week and compares with 1.3 million bu a year ago today. Kansas City and Minneapolis stocks increased 176,000 bu so far this week. When the visible supply of this grain is posted Tuesday it will compare with an increase of 975,000 bu last year.

According to the Foreign Crop and Markets report U.S. coarse grain exports from July to December 1959 were about 15% above those in the first half of the previous year, including 2.9 million tons of corn which made up about 47% of the total. This source estimates U.S. wheat and flour shipments in the current season are expected to reach 440 million bu as against an earlier forecast of 425 million; last year-443 million bu cleared our shores, and the record is 549 million bu in the 1956-57 season.

Markets were quiet as we are approaching a three-day holiday weekend. Nearby beans were supported mainly by a processor who has been changing over on hedges for some time. All months of corn were quite weak, and some hedges were undoubtedly placed in the market in anticipation of better receipts over the weekend. Wheat was a shade higher with little feature.

UHLMANN GRAIN CO.

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CHICAGO, 4 February 23, 1960

There was little surprise in the announced price supports for 1960 crops s released by USDA Friday afternoon. The only change from last year is for corn here the support figure was reduced 6¢ from last year to $1.06 per bu, reflecting 5% of the current parity price for corn which is figured at $1.63 per bu. The basis or determining the loan for this cereal initiated last season is 90% of the preceding year average price received for this grain by farmers with a minimum of 65% of arity. This year's price is equal to the secondary loan of two years ago when over 5% of the corn raised was on unrestricted acreage, indicating producers' willingness t that time to accept a loan payment in this amount. Secretary Benson has received uch criticism for this corn program, not because of his theory of price reduction n order to discourage excessive planting, but because the CCC payment level has een so high that farmers have been encouraged to plant more and successfully raised a record crop. The next important government report will be concerned with intentions to plant on March 18th, and it is likely that an acreage at least equal to last year's again will be seeded to corn, indicating satisfaction with the $1.06, 1960 corn prop.

Non-recourse price support on this year's production of corn, as well as other major commodities, will be subject to a $50,000 limitation as required by recent legislation unless a producer reduces acreage 20% below 1959. A loan of $1.85 will be in force for soybeans this coming year and acreage sown to this crop, according to indications, might be in excess of 1959 which means that assuming normal growing conditions another fair sized crop will be raised. Loan prices equal to those of last year were announced for other grains including 90¢ per bu for rye, 77¢ for barley, 50¢ for No. 3 grade oats, and $1.52 per cwt for grain sorghums.

There was not much news to affect markets in spite of the 3-day holiday weekend. A prospect of wet corn has caused recent pressure and markets opened in new low ground for the crop. Snows that fell over the weekend were quite general particularly in the Southwest where as much as 15 inches were received. More is forecast with the likelihood that these storms will move in an easterly fashion towards the seacoast where the ground is also covered. Winter wheat is dormant, but certainly ground conditions must be considered excellent with this recently received moisture.

Country prices of wheat in the Southwest remain firm, and at their current high level encourage selling to a greater degree, thus export bids reacted about a cent a bu. The CCC is able to sell some wheat at its formula price, but the volume is not heavy. Milling inquiries are somewhat improved with a few overseas sales in prospect. Broomhall talks of general rains in Argentina which will be beneficial for corn as weather recently has been hot and dry. Losses may prove to be modest, abating earlier fears. Processors seem to be the best sellers of soybean meal in the pit this morning, and the cash article is also lower, thus influencing soybeans. The latter commodity is still affected by a poor conversion ratio.

During the week stocks of wheat in Chicago declined only 101,000 bu, leaving 6,951,000 bu. There have been no further sales of red wheat reported to Poland on their authorization, and export demand otherwise is currently lacking. If the present rate of wheat disappearance continues, enough of this grain should be in Chicago in May to cause a narrowing of the spread between old and new crop months. Corn supplies increased 288,000 bu, and total amounts locally are now 28 1/4 million bu. Oats decreased slightly, leaving 1.7 million bu here. The same amount of rye is in store in Chicago elevators, with a 78,000 bu decline from Chicago stocks. Beans decreased 481,000 bu, and 10.3 million bu are still in local elevators.

Markets were quite weak during the session, with meal off 150 points. March beans were as much as 2 1/2¢ lower, and it should be noted that Winnipeg flax sold at the lowest figure in many months. Much of the 624 cars of corn received in this market this morning are of northwest origin. The roads downstate must be hampering shipments from that area, but as the thaws come quality might be further impaired making a large movement probable during the spring months. The corn-hog ratio has improved steadily the past few weeks, so that it is now 12.1 comlared with 11.9 last week, and 13.1 last year. A reduction in the spring pig crop is lending better support to that market.

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CHICAGO, 4

February 24, 1960

Looking back for half a century we find that there have been vast changes in our agricultural picture. We are not at this time calling attention to the hundreds or thousands of improvements in techniques that have been accomplished, but rather tothe production expenditures which farmers have encountered. For example, in 1910, total outlays of all kinds amounted to only $3.5 billion; at present this figure has risen to over $25 billion. However, all methods of doing business have changed. Fifty years ago the feed which farmers purchased either from other farmers or from feed concerns was only about $426 million, whereas now it has risen to $4 1/2 billion. Likewise, there was little money invested in livestock purchase or in seed purchase. Both of these items have increased to where their combined costs now amount to over $3 billion. Fertilizer and lime in the former period comprised a fairly small expenditure, and this has risen tenfold, but, of course, with wonderful results in that yuelds have been greatly enhanced.

The repair and operation of capital items has become an enormous item, and amounts to $3 3/4 billion, whereas only $251 million was paid out in the former period. This item alone is more than the total production costs in 1910. Hired labor has gone up appreciably, which is well known, and is about four times as great now as it was fifty years ago. Depreciation and other consumption of farm capital is now one of the larger items, amounting to nearly $4 billion, or almost ten times as much as it was in 1910. Taxes, of course, have risen tremendously, and on farm property are about seven times greater. Interest on farm mortgage has hardly gone up, indicating that producers are comparatively free of debt, even with the tremendous capital that is presently invested. Altogether the American farmer has not done too badly, although last year his net income was reduced from the year before. In 1958, cash receipts from marketing of crops amounted to about $14 1/4 billion, which compared with less than $3 billion in 1910; part of this, of course, was inflation, but a major part was the general increase in efficiency because actually the number of acres devoted to tillage did not increase much. Cash receipts from marketing of livestock and livestock products increased from $2.8 billion to $19.3 billion in the period under discussion. Finally when we look back for half a century we observe that operators' netcash income per farm then amounted to only $365.00, or an average of $1.00 per day.

Primary receipts of wheat were relatively small at 588,000 bu, but this was about the same as last week and compared with 1.4 million bu a year ago. Kansas City and Minneapolis stocks so far this week increased 104,000 bu.

The trade paid very little attention to firm wheat markets at Kansas City. Advices from the Southwest were to the effect that farm wheat selling over the holiday was extremely light, which was partly due to heavy snows over a wide area. There was also some buying by a cash house and a little mill buying, but prices here were slightly reactionary even though Poland had purchased 750,000 bu of hard wheat for March/May shipment fromGulf ports, and 375,000 bu of red wheat for March/April shipment via the Atlantic. We did see evidence of a few hedges lifted in the July future, which may have been against this business. Japan bought some Pacific Coast wheat and some Manitobas, but, of course, this was not a market influence. As for flour business, it was draggy, and only a limited volume was done in family types. Stocks of red wheat during the week went down very little in Chicago, and deliverable wheat in Federal licensed elevators amount to nearly 5 million bu, which is a trifle more than was the case last season same date. March, May, and July beans went to crop lows, but there was a little better absorption, with the result that we had moderate recoveries. March and May oil also made new lows, and the meal market failed to show much of a recovery; therefore, the buying of beans was not at all spirited. Trade in corn has been running very light. Some hedging transactions were noted today by way of purchases of March against sales of later months. The market showed little recuperative power, and there was no special news. We believe that today's trade in beans was smaller than yesterday. Some of the elevator concerns were taking in March hedges and selling May or July, while commission houses were on the other side of the market. Rye was weaker and prices are near the lowest level of the season.

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Looking back (over) [illegible] vast [illegible] of thousands of [illegible]

[illegible] in 1919, total outlays [illegible] has risen to over [illegible] from [illegible] 143 billion [illegible] in seed [illegible] and amounts to [illegible]

[illegible] This took place in [illegible] has gone up [illegible] now that it was [illegible] It is now one of the [illegible] as much as it was in 1919. [illegible] of course, [illegible] farm property [illegible] steadily gone up, [illegible]

[illegible] region. In 19[illegible] billion, which [illegible] was nineteen [illegible] actually the number of [illegible] to $12 [illegible] only $13.00, or an average of [illegible]

The [illegible]

Advices from the Southwest [illegible] selling was extremely [illegible] hard wheat [illegible] in [illegible] this business. [illegible] For [illegible] as in [illegible] Chicago, [illegible]

Rye, [illegible] only [illegible] with the result [illegible] lower, and the [illegible] some leading [illegible]

[illegible] was no special [illegible] Some of the elevator [illegible] prices are near the lowest level of the season.

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CHICAGO 4 February 25, 1960

Because of the substantial decline in the stock market level since the irst of the year, many people are attempting to revaluate business prospects for he months ahead. Economists earlier were mostly optimistic in discussing conlitions, and they generally anticipated that 1960 would be a continuation of the almost unbroken trend during the recent decade in which inflation dominated almost every segment of the American business scene. Maybe their hopeful expectations still will be realized, and it is possible this current recession in Wall Street enthusiasm is merely of a correctional nature. Last year industrial production was 13% greater than in 1958, despite the prolonged steel strike, which affected the economy considerably. For the first time in our history net income rose above $400 billion last year, and every component of the economy showed a gain except farm income. Earnings and profits of many companies have been climbing steadily, and the wage-price spiral has soared to new high ground, reflecting these conditions. These factors, plus investor confidence, undoubtedly have influenced prognosticators in their enthusiastic forecasts, but ever present on the horizon are conflicts containing warnings that danger might lie ahead. The impact of foreign competition can no longer be neglected, and is being felt in the market place to a greater degree as American manufacturers cannot compete with lower production costs of many import items. We are steadily pricing ourselves out of many world markets. Tight money is the result of deficit financing and the budget has been unbalanced in times of record national income. This country must continue to expand economically at a pace above our long-term rate of around 3%, but increased government spending is not the answer as this inflationary process threatens private initiative and investments by reducing the flow of free capital.

Snow continues to fall over large portions of the Central and Plains States and subzero readings have been reported in many parts of Colorado, Nebraska, and Kansas. Since most areas are blanketed by snow, there is little danger of crop damage. As a matter of fact, moisture that has been received should eventually prove quite beneficial.

According to Broomhall moisture deficiencies exist over a large part of Europe, which has been emphasized over a period of many months. Winter grains appear satisfactory, but spring rains will be necessary in order to insure normal yields as subsoil water is lacking.

Exports of soybeans this past week were less than 1/2 million bu, which compares with about 2 million for the same week last year. Since October 1st clearances have been 65 1/2 million or a little less than 12 million ahead of the same period in 1959. This caused some pessimism at the opening this morning. However, weekly figures are somewhat inconclusive as loaded boats might be awaiting embarkation and not be included in the weekly figures.

Subsidy payments by CCC continue to increase for hard wheat at the Gulf as foreign demand has been quite broad and country selling has been light. Some increased amounts were sold in Oklahoma but farm sales in the rest of the Southwest remain limited with bad weather partly to blame.

Since July 1st, wheat exports have totaled 264.3 million bu vs 265.7 million a year ago. Corn shipments since the 1st of October are about the same as the 82.2 million bu cleared by this date last season. Reports from Argentina expect that production of this cereal in that country possibly will be at least equal to last year's 194 million bu though this season's carryover will most likely be quite small. The corn market in Chicago was higher prompted by short covering, no doubt because of weather conditions. When mild temperatures set in and spring thaws occur, pressure should be felt as quite large amounts no doubt will have to be marketed. Soybeans also tended higher, influenced by meal which was firm throughout the session. Winnipeg flax made a crop low and the soybean outlook is not too encouraging yet unless products would make a strong recovery. In the meantime country prices in relation to the loan will be important as some redemptions will undoubtedly be necessary before the end of the crop season. The main feature to our market was the weakness in nearby wheat which lost ground on July as local stocks are still moderately large, and demand for red wheat in Chicago has been quite light. Hedgers were the best buyers of March, but this month lost ground in spite of this. Primary receipts at 559,000 bu are a little more than a third of last year's total.

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CHICAGO, 4

February 26, 1960

Net realized farm income for 1959 was $11 billion. This is a decline of 16% from 1958 but about the same as in 1957. Gross farm income last year is estimated at $37 billion, which is a decline of only 3 1/2% from the year before but production expenses rose to a new all-time high of $26 billion. It is difficult, of course, to continually pass on increases to the consumer, as production costs rise and, as a matter of fact, food prices might even have been lower had it not been for heavy consumption and the fact that the American people are eating so well. The consumption of meat last year is estimated at nearly 160 lbs. per capita, which is an increase of 7.6 lbs. over the year before. Larger supplies and lower retail prices of pork were given as the reasons for the increase. In addition to this large quantity of meat that was consumed, we find that the consumption of both chicken and turkey rose to a record level, and there were increases also in the usage of fluid milk, ice cream and nonfat dry milk. As a partial offset declines occurred for butter, lard, and eggs. The per capita consumption for food from crops will probably be about as large this year as last. Our civilians will likely have as much livestock products per capita, with some increases in prospect for beef, veal, lamb, and mutton, as well as for turkey. In spite of all this, USDA forecasts an increase in feed grain carryover, regardless of the heavy feeding which is expected. Stocks next October 1st probably will amount to around 80 million tons, which if attained would be a fifth larger than for the same date last year.

It is interesting to observe that income from nonfarm sources last year was about 6% higher, reflecting the general economic recovery. One of the minor reasons for the decline in farm income was that government payments were off about a third, which was due mostly to the termination of the Acreage Reserve Program of the Soil Bank. The first estimate of income per person of farm people in 1959 is $960, or a decrease of 8% from 1958. Nevertheless, it is higher than in any other year since 1952. This figure includes income from both farm and nonfarm sources.

Early this morning we had the Census Bureau report. The January soybean crush was 2 3/4 million smaller than a year ago, but despite this fact meal stocks increased 32,000 tons from December, whereas a year ago the increase was only 13,000 tons during January. The Department of Agriculture announced a new program that will make limited quantities of commodity surplus corn available for industrial alcohol. This does not include beverage alcohol, and is an experimental program apparently designed to reduce surplus stocks. The government also wishes to obtain actual conversion cost data on processes necessary to produce the listed industrial solvents and to explore the economic impact on the markets affected. We doubt whether this will actually be an important item, at least for the time being. Any manufacturers who participate in the program will be required to maintain adequate cost data that will be available to the Department of Agriculture for study.

890,000 bu of oats was accepted under the CCC subsidy program. There has been a fairly active export business and these clearances could have some influence on the Chicago market, particularly the old crop futures.

Statistics were of no particular significance. There was a little export business including about 4 cargoes of hard wheat, and the same amount of red to Poland, but this had very little influence on relative differences between old and new crop. Farm selling in the Southwest was light, but it is thought that there may be an increase after snows melt so that farmers can better haul their grain. The liquidation of March wheat was considerably lighter than yesterday, and likewise changes in hedge position were smaller. In beans it was a different situation. Liquidation continued but at an accelerated rate over yesterday. Spreaders took March against May and July, and there was also some outright buying of March by processors. Bean prices were lower, but there was some buying on the weak spots. The House Appropriations Committee severely criticized the Agriculture Department for the soaring costs of surplus crops and denied the agency its request for an additional $675 million for the commodity purchase program. Some of the money that had been sought was not immediately needed, and it was recommended that the CCC sell its surplus crops at competitive prices in order to reduce handling costs. There was some buying of corn today against sales of wheat. Monday, we shall get tenders against March contracts.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 29, 1960

The over-all picture surrounding wheat draws attention again this morning, as there are many factors prevalent which can influence the market. We have thought for some time that the availability of red wheat in Chicago in May would cause a narrowing in the spread difference between old and new crop months. It has appeared likely that fair supplies would be here at that time, even though Poland recently bought most of the 75,000 tons of this class wheat under a P.L. 480 authorization with one cargo still to buy. Evidently that country might be granted funds with which to purchase 2 3/4 million bu. There is no confirmation at the moment but the anticipation of additional business has caused the purchase of old crop against the sale of new in the pit this morning, thus widening the spread differences. We cannot say for sure at this time how much if any wheat will be shipped from Chicago, assuming this sale is consummated. It may be that enough red wheat is stored in elevators east and south of this market, so that local supplies will not be required to fill this Polish sale. We can only watch developments closely in attempting to analyze further the relationship between May and July. If this sounds like a hedge of our earlier opinion, it is only because the eventual spread difference between May and July is almost solely determined on the delivery stocks of wheat in Chicago in May and the demand for this grain at that time.

At present the CCC selling price of hard wheat in the Southwest is equal to the formula price in many instances, and the Dallas Agency office reported further sales of a million bushels. Farm prices have been considered well above the loan so that it seems probable that a first-hand movement might occur on a rather large scale between now and end of the season, assuming the price level remains high. At the moment farm selling in Kansas and adjoining states is slack, although closed roads are mostly to blame. Additional snows were received in many winter wheat areas over the week-end, and current conditions can still be considered good as subsoil moisture will be generally adequate once spring thaws begin.

We have received reports for some time that many soybean processing plants had been closing because of the poor conversion ratio. A Decatur, Illinois newspaper this morning confirms this by quoting an Illinois processor who estimates that plants in this state as well as south central Minnesota are operating at 75% of capacity. As long as this condition exists, prices of beans will be affected.

This was the first day for tenders on March contracts, and as of noon—over a million bu of wheat were tendered. Corn deliveries amounted to 2.3 million bu, which appears to be going into strong hands. It had been expected that deliveries of soybeans would be rather large and when only small amounts were tendered early in the session, the market was firm. However, by noon, 2.8 million bu had been registered for delivery. Consequently, some profit taking occurred in the pit, especially since oil hovered near its crop low. 177 contracts of oil and 63 contracts of meal are also on delivery, and the latter product had difficulty maintaining its early bulge.

During the week wheat stocks decreased 302,000 bu, leaving 6,649,000 bu in Chicago. This of course has little effect as it remains to be seen how much wheat will be shipped from this city between now and the start of the new season. Corn supplies increased by 636,000 bu. Oats increased to a total of 1.8 million, but we understand a commercial user will stand for deliveryof part of the tenders and ship this cereal from Chicago. Rye stocks decreased 115,000 bu, leaving 1.6 million bu, and 285,000 bu are marked for delivery. Soybean supplies in local elevators are 10 1/4 million bu after a small decrease during the week. Primary receipts of wheat decreased 1.6 million bu which compares with an increase of 2.7 million last year.

Most of the open interest changes have occurred in March contracts with all grains and soybeans having declined in Friday's session. This pattern undoubtedly will continue as tomorrow is the beginning of March. Total open interest in beans now amounts to 153.7 million bu which is still large in spite of the decline from the high.

The corn-hog ratio continues to improve and now stands at 12.6 vs 12.1 last week and 13.0 a year ago. We doubt if present low temperatures will aid in the drying of this grain, and expect that moisture content will be generally high and necessitate a rather large movement in the coming months.

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CHICAGO, 4 March 1, 1960

Inasmuch as India has become one of our best customers in wheat during the past few years, we feel that an explanation should be given here concerning her food habits. First of all, the new Food and Agriculture Minister, Mr. S.K. Patil, is trying to stabilize prices, and he has proposed the building up of buffer stocks to the extent of 5 million tons of wheat and rice, which would be about 185 million bu in wheat equivalent. Releases from these stocks could be made to deficit areas in times of need. Transportation to interior points is far from adequate and we have known in some cases where food at the docks never reached its destination. Nevertheless, in such a vast country where population is so prolific, the question of food is one of the paramount issues. Actually India has never devoted a large part of its own acreage to wheat production. The preliminary figures for 1959 show that nearly 31 million acres were sown to this cereal. However, rice was a much more important product and 82.5 million acres were planted, since milled rice is one of the important ingredients in India's food diet.

Some of her other habits are singular in comparison to ours. For example, in our country sorghum is raised mainly as a feed grain, but in India 88.9 million acres are sown to sorghums and millets for human consumption, so that here again we find nearly three times as much land devoted to these foods as to wheat. They also plant very heavily to pulses. This consists largely of leguminous crops, such as peas, beans, lentils, etc., and this is a very important food item, with about twice as much land devoted to its production as to wheat. Altogether there are about 281 million acres of land under cultivation for food grains, whereas in the U.S. we have cropland which ranges between 325 to 350 million bu, but a large part of it is in the production of feed grains, such as corn, oats, barley, etc. Then also there is the cotton acreage. India has about 11 million acres of corn land under cultivation but the bulk of it goes for human food and is not used for animal feed. The same is true of barley where more than 8 million acres are planted each year.

Besides these acreages that are used for food grains, India is a larger producer of peanuts, with 14.5 million acres planted to this crop, and there is a fair quantity that is in surplus, so that exports are possible. She also raises sizeable quantities of rape and mustard, sesame, flaxseed, and castorseed, while nearly 5 million acres are producing sugar. All this, together with about 20 million acres of cotton land and 1 3/4 million acresof jute land, makes that country a very large farming area, but likewise consumption, due to heavy populated areas, creates tremendous demands. Even record production of food grains and pulses failed to bring down prices to a reasonable level during the post-harvest months. Consumer demand is growing and as previously stated inadequate market arrivals have on many occasions caused chaotic situations in some areas.

Primary wheat receipts were 773,000 bu which was small in comparison with 1.6 million last week and 1.4 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 90,000 bu. Here in Chicago free stocks decreased 302,000 bu during the week leaving 6.6 million still in our markets. Free corn increased 728,000 to a total of 9 million bu.

The government weekly crop report spoke of extremely cold weather over most of the nation, but snow covering over wide areas protected the wheat plant from low temperatures. More favorable moisture supplies than usual in the Great Plains makes the outlook highly optimistic despite a slow start last fall. July wheat was weak, but for a time old crop wheat futures were firm owing to the fact that the Polish allocation for about 2 3/4 million bu soft red wheat was confirmed. This makes the spread a little more uncertain, but unless Chicago wheat stocks are needed there is no certainty that the nearby months will remain strong. Noon tenders of wheat were 1,445,000 bu indicating that as of now there is no apprehension, and certainly no scarcity of red wheat. Best prices were not maintained and the close was little changed. Soybeans were influenced by reports that processors had resumed operations at one of the large plants at Decatur, and it is thought work will probably start shortly at one of the Chicago plants. Nearby corn positions were relatively firm. The tenders of rye on March contracts are circulating with apparently no demand of importance. We are told that the farm wheat selling Southwest remains light and that surprisingly little wheat is coming out even on a recent rise of prices into new high ground.

UHLMANN GRAIN CO.

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CHICAGO, 4 March 2, 1960

The total wheat carryover next July 1st is expected to be about 71 million u above that of the year before when 1,279 million bu were available. The biggest ncrease categorically will be in hard red wheat which will be 123 million bu more han last year. As a matter of fact, stocks of this class will be 11 times as large s they were in 1952 when wartime demands had helped drain supplies. The amount f spring wheat at the end of the crop season will be almost twice as large as in 1952 hen reserves amounted to 117 million bu. The unfortunate truth is that present ay surpluses reflect wartime farm programs that have not been rescinded during eriods of peace and prosperity, and these aforementioned figures show what happens hen incentives are offered unnecessarily. It is especially interesting to note that ed wheat stocks are expected to decline 2 million bu from last season's carryover igure of 19 million bu, which if borne out, is about the same amount of red wheat s was available July 1, 1952, and is now considered a safe reserve by U.S. agriultural officials. This compares with 2 years ago when supplies were only 6 million u at the end of the crop season, and at that time a natural price squeeze developed.

Projecting this summer's harvest, the USDA says if the spring wheat creage is enlarged slightly to 13.6 million acres, a crop of 274 million bu would e returned assuming average growing conditions exist. This added to the December inter wheat estimate of 926 million bu would result in an outturn of 72 million bu- nore than raised last year. We might add that winter wheat conditions so far cerainly are enhancing these prospects as weather has been almost ideal over the ntire Plains and Central States. As a matter of fact, further snows are forecast uite generally, and there have been very few reports of winter kill as the snow overing has afforded general protection for the dormant plant. On January 1st ,876 million bu of wheat were stored in all positions which is the largest amount ver for that date. Included in this was the CCC inventory of 844 million bu of hard, 85 million spring, 55 million white, 10 million durum and 1 million soft red wheat. his does not include amounts still to be taken over from last year's crop. New oan figures published last night as of February 15th show total impoundings of 317 nillion bu of wheat. This is an 8 million bu increase; however, redemptions through nid-February increased by 6 1/2 million bu so that total amounts under seal are bout the same, and, as market prices in the Southwest are extremely high, it is ikely that further redemptions will occur. The soybean loan figure was increased y 4 million bu to a total of 51.9 million bu.

Deliveries were general for all commodities last night, and quite large or some. Wheat continues to circulate and including retenders, 2,890,000 were elivered yesterday. Though almost all of the 1,155,000 bu of beans were at least emporarily stopped, these appear to represent in great part the original tenders nnounced February 29th. Almost a million bu of corn were announced for delivery, nd it had been stated that a commercial user would ship fair amounts of this cereal rom Chicago. However, loading orders have not been significant thus far.

One effect of the bad weather Southwest, according to the Kansas Weekly Crop Report, is that spring field work may be delayed in getting under way. A varming trend is needed to melt the snow as this is the time of year when spring ats and barley planting should begin. Naturally, little has been seeded, and this ocuses attention on new crop oats, as the carryover from this past season's crop vill be small, and the likelihood of any reductions in this year's harvest could ause a higher price pattern in July and September oats.

Today's market was rather quiet. Though beans eased somewhat, most f the pressure was on the nearby, which was affected by deliveries. Some hedge hanging occurred in March wheat, but volume of trade was lighter; elevators might e satisfied with present differences. New-crop months received support in spite f the moisture, but this may be due in part to a reversal of spreading operations f the past day or two. Export flour sales were the quietest in some days, but pring wheat mills continue to do a substantial bakery flour business. Late in the ession March corn was sold by the processor who had earlier taken delivery.

Primary receipts of wheat amounted to 593,000 bu, the same as last week nd about one-third the size of those of a year ago today. Stocks of wheat so far his week at Kansas City and Minneapolis show a net increase of 142,000 bu.

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CHICAGO, 4 March 3, 1960

In the ten-year period prior to World War II, average U. S. wheat rops were 740 million bu. This, of course, included the drought period when we ad very small yields from 1933 through 1936, but it also included two large crops which exceeded 930 million bu, so that for practical purposes we may conclude that hese were about the best results obtainable before the advent of many of our technological improvements. We were raising those crops on about 52 1/2 million acres, r not far different from the land presently under cultivation. Last summer, wheat roduction was 50% higher than during that prewar period and in 1958, on a comparale acreage, the wheat crop hit 1,460 million bu, which was nearly double the 1931-0 average. We accomplished this also with fewer farm workers. Today there are nly 7 to 7 1/2 million workers, while in World War II the record shows that there were 10 1/2 million workers, and during the World War I period, our farm commodities were produced by 13 1/2 million workers. Thus it is obvious that we have been able to bring about accumulations not only as the result of far better yields, ut also, with less effort. In the prewar era, our average carryover of wheat was 43 million bu, and now it has risen by about 1 billion bu, all of which is causing concern. As we pointed out in our market letter yesterday, under normal weather conditions we areapt to raise 1.2 billion bu of spring and winter wheat next summer, and this again will be more than we shall need for annual domestic and export requirements.

In spite of all these facts, it would not be fair to eliminate some of he other causes that have brought about these great changes. Excessively high government price supports have tended to place a premium on inefficiency with the result that higher living costs have been frozen into our economy. There is always a grave danger that government by continual emotion and by perpetual emergencies may degrade us into a pathological people and may automatically and unconsciously ake away our hard-earned freedom. A faulty wheat program has spread the entire belt of America. It has cut back acreage in high-yield areas, while at the same time ncreasing it in less efficient regions. During the past three years the number of wheat growers has increased by 152,000. This has been due largely to the fact that he 15-acre exemption was permissible. In 1959, 690,000 farmers took advantage of this exemption. It is another striking example of what happens when artificial stimuli are applied. The times are calling for a return to high ideals in political ife, sound economics in public and private life, and for the reaffirmation of a proven and simple code of morals and of ethics throughout our nation. Unless we have convictions and the courage to fight for them, we have only ourselves to blame.

Primary receipts of wheat amounted to 844,000 bu which compared with 559,000 bu last week and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 167,000 bu. According to Broomhall U S shipments of wheat and flour during the past week amounted tonearly 6 million bu, and since the 1st of July they have totaled 273 million bu, or just under the figure of a year ago. Our corn exports since October 1st are 86 1/2 million bu, which is slightly more than for the same period lastseason.

We have had snows practically everywhere so that the country is well protected from any cold weather that might follow. More than this, it will afford wonderful moisture when we get spring thaws, but by the same token it might cause some delays in getting spring crops intothe ground, particularly oats, which have been firm lately, especially the July future, which once-in-a-while threatens to be n old crop month. There was firmness again at Kansas City, and their March — wheat future is at about the highest level of the season, with ordinary wheat bringing a premium, and this also sets a peak price, and is about equal to the net loan. Not too much wheat is being offered in theSouthwest, but poor roads may be responsible for this situation. We heard today that Russia had sold Syria a cargo of wheat equal to our #2 hard winter, and the price figured only 5¢ over Kansas City FOB Gulf.

In Europe milder temperatures have permitted some field work, but — this is by no means general. There have been a few complaints regarding crop appearance, but for the most part crops are expected to emerge this spring in good condition. Beans turned strong later in the day, with meal and oil higher. Rye looks well liquidated.

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CHICAGO, 4 March 4, 1960

Since a good deal of the recent market weakness in soybeans has been attributable to sagging oil and meal markets, it is only natural that yesterday's recoveries in these products should have carried over to soybeans. Sentiment has been largely bearish and technical rallies were in order. Processors still complain that demand formealis slow, and one reason surely is the fact that wet corn is quite a bit cheaper on a per-ton basis; consequently, is being used as feed to a greater extent. Domestic disappearance of meal during January was 110,000 tons less than the same month of 1959, and since the start of the crop season is running 148,000 tons behind the same period last year. This reduction is in part offset by the increase in exports during that period. Weather has also had a marked effect on grains, and the country movement of corn, wheat, and even beans has been limited, though recent CCC binsite sales of corn have expanded somewhat. Oat receipts are also lighter, and pressure is currently lacking. Cash markets, especially insofar as southwestern wheat is concerned, have improved, partly because of poor road conditions.

The Southwestern Miller, in discussing red wheat this morning indicates bids in the Central States are sharply higher, reflecting increased mill purchases as well as new demand by exporters. No additional foreign sales have been registered, but Poland is actively inquiring for soft wheat in her latest allotment, though that country is somewhat reluctant to make purchases in view of higher offerings which figure about 20¢ over FOB Atlantic. Another reason for the firmness in Kansas City wheat market is the fact that cash stocks of this grain have been withheld from the market. Free supplies available for January to June, according to the USDA, will be 35 million bu less than export and domestic needs. Therefore, a continuation of loan redemptions will be necessary, though this is likely as prices in many places exceed the support level. There are 15.8 million bu of Purchase Agreement wheat which no doubt will be marketed, and in addition the CCC has also been able to sell fair lots from their stocks, and are in position to liquidate even more.

Rye has been somewhat neglected recently, and again yesterday traded in new low ground after steady declines over a period of many weeks. Supplies in the current crop season are 7.1 million bu less than in 1958-59, and almost 4 million bu less than the five-year average of 1953-57. Between last July and December disappearance totaled 18 million bu, which is 2.8 million bu less than the same period of 1958. A reduction in exports accountsfor much of this, and no real shortage is imminent. A slight increase in this summer's crop is likely following a 4% increase in fall seeding. If normal growing conditions exist, a crop of 27.8 million bu could be produced which compares rather favorably with last year's crop, which was adversely affected by weather both at plantingtime and during the growing season. A carryover of 10 million bu is anticipated July 1st, so supplies at the start of the new-crop year could well be almost 4 million bu more than July 1, 1959. The national average support price again will be 90¢ per bu.

As of January 31st investments by the CCC in price support programs amounted to $9 1/4 billion, including outstanding loans of almost $2 billion, and an inventory of $7.3 billion based on cost value. The Agency neglects to say what the free market price would bring if these stocks were liquidated.

Primary receipts of wheat amounted to 829,000 bu vs 608,000 bu last week and 1 1/2 million bu a year ago today. Stocks of this grain at Kansas City and Minneapolis increased a total of 228,000 bu so far this week. Whenthe visible supply is posted M nday it will compare with an increase of 4.4 million bu in 1959. In spite of unseasonably cold weather now temperatures earlier this winter were comparatively mild. Consequently, the freezing of water throughout the Great Lakes was not as severe asnormal. Thus, the opening of the shipping season may be earlier than ever before.

Trading was relatively quiet compared with yesterday and markets generally reacted fromyesterday'shighs. There was little feature to wheat, but corn was under some pressure as it is felt that a movement of this grain may be necessary because of high moisture content. Soybean oil was weak and a lower meal market also influenced beans, though the delivery month gained slightly in spite of continued large tenders. Most of the deliveries in this commodity as well as wheat seem to be the circulation of original tenders.

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CHICAGO, 4 March 7, 1960

Exports of farm products during the current marketing year will probably be the second highest on record -- $4.2 billion. As Americans we take a good deal for granted. Our diet is probably the best of any people in the world and, in spite of a growing population which is nearly twice as large now as it was in 1910, we have larger surpluses for export than ever before. It is probably safe to say that this has been accomplished not only through better farming techniques, more and better fertilizers, but also because of the freedom which is one of the greatest incentives that any farm population ever enjoyed. For example, Russia is a vast country but yet it is doubtful whether they will equal or surpass our productivity during our lifetime, if ever, under their system of agriculture. This is true because they can never duplicate the levels of efficiency and productive ingenuity which are called forth in a free society. This being the case, it is most important that we preserve our own precious freedom and not fall into pitfalls of letting our agriculture become socialistic. In spite of the farm programs that have been applied, most of which were a dismal failure, we have been giving great economic freedom to our agriculture, most of which is still free and doing fairly well. Four-fifths of agriculture is free of controls. In this country we produce 250 commodities commercially, but of this number only five are under control. All livestock and livestock products are free, and yet they bring in 56% of farm cash income nationally. In Iowa, where the largest quantity of corn is raised of any state in the Union, livestock and livestock products bring in over 80% of farm cash income. Therefore we repeat again that it is far better for farmers if they are allowed to make adjustments for themselves rather than for Washington to dictate policies. We have found out too frequently that farms of this nation cannot be run from a desk in Washington. Whether the Congress is willing to face these facts is difficult to say, but surely they must admit that existing controls have been ineffective, and wherever applied it has caused the piling up of surpluses, destroyed markets, and imposed a staggering burden on taxpayers.

Before our market opened this morning there was not too much to guide it. We had some reports from Kansas City that further snows had fallen over parts of the Southwest, and we also learned through Broomhall that while the over-all crop situation in Europe was considered fairly good, the outlook for crops over much of the Middle East has been clouded by a persistent lack of adequate moisture. Unless this is remedied shortly, there may be reduced yields in a number of areas. India, which has been the principal taker of U.S. wheat during the past few years, is also faced with a sub-normal crop due to dryness of the soil. Some additional allocations are being granted to that country, and export business in wheat generally is proceeding at a lively rate so that our total seasonal shipments will undoubtedly be about as large as they were last season. Besides the foreign trade, there was an improvement in bakery flour business with a heavier volume on hard winters than for springs, and these factors were unquestionably the reason for a higher opening this morning.

During the past week Chicago wheat stocks declined 379,000 bu, leaving 6 1/4 million bu here. Corn increased by 618,000 bu to a total of 29 1/2 million. Oats, in spite of some shipments from this market, increased 142,000 bu so that we now have nearly 2 million bu in Chicago. Rye showed very little change, and bean stocks declined a little, leaving 10.1 million bu in this market.

Trade was not at all heavy. There was some firmness in wheat, due to hedge lifting against flour sales, but the volume was not particularly large. There was also some buying of July and September wheat, and apparently the recent sales of new wheat are the first that have been consummated so far. Thus the deferred months were almost up in the same proportion as May. The bean market was higher. The price of products did not vary a great deal, but we think that some of the buying was local, and in the absence of pressure the close was firm. Corn prices were firm, but we still hold to the theory that with so much of the crop in the country too wet to be eligible for the loan, there is bound to be a heavier movement to market during the spring months. The oat market was higher, and July and September sold at the best levels of the season. Ordinarily there is some field work and planting of oats during March, but the ground has been covered with snow for the past two weeks, and it may be quite a time yet before farmers can get into their fields.

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CHICAGO 4 March 8, 1960

Farm prices have declined rather steadily and now stand at the lowest evel in the past fifteen years. This is especially discouraging since it has hapened during a period of extreme inflation, when all other segments of the economy ave benefited from improving income. Contrary to the trend in agriculture, retail ood prices have increased, and it is noteworthy that though they levelled off last year for the first time since 1955, they still were the second highest for any year on record. Farming, like industry, has been beset by increasing costs of placing goods on the market. Many factors are attributable, such as spiraling wage scale, transportation rates, and other indirect charges which have steadily risen.

This brings up the subject of taxes, which are certainly an influential force on the entire economy today, governing in large part the inflationary trend and affecting individual and industrial management to a greater degree than ever before. For example, in 1956, the latest year for which data are available, food-marketing corporations paid about $1.6 billion in taxes, 68% more than the 1947-49 average. This is not unique to the American business scene but is significant to this situation as the cost of the raw product has steadily declined, despite rising retail values. Though the majority of these taxes are collected by the federal government, a surprisingly large number of other taxes take their toll, including real estate, personal property, social security, and unemployment insurance. Also to be reckoned with are state income, franchise and license fees, not to mention retail sales taxes. One can paint an expensive picture when discussing the subject. With further analysis we realize that personal income taxes are in part, at their present high rate because farm prices have been supported, which acts as an incentive for growers to overproduce. The result has been the surplus which tends to depress farm prices of many goods. Retail values have not responded as employee income demands by food processors and merchandisers alike increase, so that additional funds can be gathered to meet tax requirements which are necessary to continue the support of agriculture and other operational costs of the government. Though these funds are necessary for the smooth functioning of a Democratic government, they should be collected and spent more wisely. Presently too much emphasis is placed on aiding society where aid is not required, and in many cases economic groups no doubt would function more profitably if left to their own devices.

Export business seems to be featured in the news and quite a few sales of wheat are pending. Since subsidies were issued yesterday covering new crop some sales of this grain for shipment in July evidently have been made as a fair amount of new crop wheat futures have been purchased by those with export connections. Poland has not yet bought against their latest 75,000-ton authorization for red wheat, but a few other small sales of this variety have been made to foreign countries. Chicago is much closer to a competitive shipping basis and stocks in the city should be observed rather closely as a large reduction could keep the May at its present premium over the July. It is too early to tell for certain what the final outcome will be. As this is somewhat of a change in the situation, some support has come into the market and old-crop futures were again firm this morning. Local free stocks of wheat decreased 379,000 bu last week, leaving 6 1/4 million. Free corn supplies in Chicago increased 595,000 bu to a total of 9.6 million. It is not likely that March corn will gain much more on the May, as there is little evidence of large shipments of this cereal from this market by industrial users who earlier were thought to have taken delivery for such purposes. Soybean products continue weak, with the meal selling at the lowest level since September. This has influenced bean prices, although they have not declined as much as the products, and processors still appear dissatisfied with the present conversion ratio, which does not give encouragement to holders of this commodity at present.

The visible supply of wheat decreased 5 1/2 million bu; however, primaries are almost 1 million bu which is an increase over last week, but compares with almost 2 million bu a year ago today. Kansas City and Minneapolis wheat stocks increased a total of 173,000 bu so far this week.

It appears as though the stock market industrial averages are headed below the $600 level as liquidation is quite pronounced again today.

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CHICAGO, 4 March 9, 1960

The sharp break which has occurred in the stock market since about the 10th of January calls for a possible reassessment of forecasts, and is, to say the least, a sobering experience to investors. Business changes during this period have produced little evidence of any fundamental weakness in the economy. A sharp drop in short-term rates in the first six weeks of 1960 carried Treasury 91-day bills to the lowest point in nearly six months, and a trend of this sort is reflected in the strong bond market as investors favored the attractive yields available. No doubt some of the funds that had previously been invested in stocks were placed in tax-free municipals and in other holdings. It might also be said that money and credit have not been performing as had been generally expected. The sharpness of the drop in money costs, which came at a time when the Federal Reserve was absorbing some of the seasonal return flow of funds to the banking system, should serve to emphasize once again that there are limits to the influence of the money managers at least in the short run.

It is rather encouraging that total inventories at the start of 1960 were considerably lower than those prevailing from January 1957 through February 1958, and in view of the high level of sales, they must be considered generally on the low side. As one of the principal banking firms of the country points out, there are other factors of the economy that would support both optimistic and pessimistic points of view. Certainly the bulls of last fall have had more occasion to moderate their views. Looking ahead, spring seasonal developments will tell more of our cyclical trend but as long as the cash flows arising from personal income and corporate profits continue so robust, the case for a further rise in over-all activity remains the stronger. Despite three periods of recession since World War II, the American economy's growth has carried us to successive heights. Population has increased about one-fifth, while rising income has been more widely diffused with the proportion of families having a real personal income of $6,000 and over increasing more than 40%. To achieve balanced and sustained economic growth, with substantial stability of the price level will require greater dedication to sound principles on part of business, labor, government, and consumers.

Quite a little moisture was reported over sections of the country, with more snow still to come. All this is wonderful for winter wheat, but will occasion a further delay of oat seeding over wide areas. Some additional quantities of number two red wheat have been sold recently for June shipment via the Gulf, but there is a limit to how much of this business will transpire as there is always some fear that the red wheat in southern areas may either not come up to expectations or that harvest could be late. Other business for more nearby shipment is being reported almost daily but the number of hedges being lifted is rather small in comparison with the actual volume. The movement of hard winter wheat is still extremely slow but country advices reflect hope of heavier farm selling as soon as weather moderates and the roads become more passable. Main liquidation thus far has been in Oklahoma and Texas but some also in southern Kansas.

Primary receipts of wheat were 908,000 bu compared with a little ess than 600,000 bu last week, and 1.2 million bu last year. Kansas City and Iinneapolis stocks so far this week show a total increase of 283,000 bu.

The wheat market was firm. This did not stem from any additional lour demand as actually new orders were almost entirely absent. We heard, however, that the Brazilian business had been put through, and as far as Chicago red heat is concerned it is about in line pricewise for export, while we are told that astern supplies are down to pretty small proportions. New-crop wheat futures ere more influenced by the fine crop outlook. March corn was rather firm, and orn east of Chicago is now about equal to a Chicago delivery basis, and as a conequence, some business has been dome from here, although probably not large uantities. Some of the temporary tightness might well be due to snow conditions hich prevail over so many states. Japan bought 14,000 tons soybeans for April hipment via the Gulf. There was also processor buying in beans, while commision houses sold. Toward the last meal prices reacted, and while we did not hear f any great improvement in demand, the market has been weak for a long period. at prices were firm, probably due to the lateness of plantings, and rye was uite strong.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 10, 1960

More legislation is being introduced in Congress, the latest bill having been sponsored by three prominent farm organizations. In essence these groups favor a plan of curbing surplus production by limiting farmers on a bushel basis rather than by acreage control as has been unsuccessfully attempted in the past. Since this plan has some features of the Two-Price System, it is doubtful whether it will gain approval of the President. It is interesting to note the discussion of this program in this morning's Wall Street Journal while at the same time a front page article deals with the failures of the Chinese government insofar as that country's agricultural methods are concerned. The Communist government of that nation has found the communal system lacking, and production quotas have fallen behind. There may be little correlation between that country and this except that the U. S. has reached world prominence in the field of agriculture because the nation has been built on incentives. Private ownership and initiative have been the background of our free economy. Consequently, our system has grown to be the best in the world today. As a matter of fact, its importance may be even better realized when it becomes known that agriculture is this country's biggest industry. For example, it buys more petroleum than any other commercial segment; it uses more electric power than Chicago, Detroit, Houston, Baltimore and Boston combined; it uses over 40 million tons of chemical materials a year; in the same period 6 1/2 million tons of finished steel are utilized, and the equivalent in raw rubber that it would take to put tires on some 6 million cars. The number of tractors on farms would provide twice as much horsepower as all our railway locomotives combined, and enough soil is turned annually to build a 100 foot high bridge 1 mile wide from New York to San Francisco. U. S. farmers spend over $40 billion a year on producer and consumer goods and services, which is 3 1/2 times as much as two decades ago in spite of declining farm population. We do not really care which of many new programs are finally adopted by Congress if economically sound, though some preference has been stated in this letter on frequent occasions. Maybe other ideas would prove more successful. The important point is that present tested theories have not been workable, and it would be a shame to further impair this country's system of privately owned farms, the profit motive and free markets as Secretary Benson himself has stated.

In spite of a worsening in the conversion ratio, soybeans have not been as depressed as the meal market. One reason is probably that processors have lifted hedges as cash beans in the country are at a rather good premium and are difficult to buy. It is possible that large enough quantities would be tied up in the loan so that eventually this could be a market factor if free supplies are not sufficient to meet commercial requirements. In the meantime it appears as though the products will be more influential in deciding the price level of the bean market.

Weather is still a most important item as it has all but stopped the movement of grains. At the same time moisture is of great benefit to winter wheat. Another factor is the delay of field work, and spring oats and barley will be late in many areas, and should there be continued delays in thaws some acreage may not be sown. Eventually this land may be diverted to corn and/or beans. However, there is no indiation of this happening on a large scale as yet. Winter crops in Europe for the most part appear to be in satisfactory condition as recent rains have materially improved the moisture situation. Some apprehension had been feared as ground was comparatively dry during planting last fall, and there are still some areas that are in need of rainfall.

It appears as though the 1 1/2 million bu wheat delivered this morning are of new origin, and as of noon 395,000 bu had been retendered. Liquidation was quite pronounced in the March future as it had been thought by many that exporters were searching for Chicago red wheat to apply against pending sales. A good deal of backspreading occurred, and May also lost considerably on the July which was higher. Soybeans continue to circulate on delivery, and the March was under pressure, losing ground on deferred months with the general price level only a shade lower. Meal showed little inclination to rally though there seem to be purchases of the products against the sale of beans as it is thought that the conversion ratio will eventually have to improve. Corn also weakened as some of the recent support was lacking.

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CHICAGO, 4

March 11, 1960

From the biblical days, wheat has always been regarded as the staff of fe. Indeed, this is still true, taking the world as a whole; when we compare the ating habits of most people, whose sustenance consists of a combination of wheat nd rice, we can appreciate that bread is still a very important item in the lives of ost persons. In the U. S., however, consumption of bread and wheat products ntil recently has been declining for many years. Total usage for 1959 was placed t 481 million bu, which was a decline of 3% from the total of 495 million bu in 1945. recent years, of course, the growing population has helped in over-all domestic isappearance, but despite this fact, the total quantity consumed last year was only lightly larger than the 475 million bu consumed in this country in 1909. At that ime our population was only 92 million.

At present we are eating almost as much meat on a poundage basis as we re wheat. In other words, the per capita consumption of meat is running at the ate of about 160 lbs annually, while consumption of wheat for food now averages 66 lbs per person per year. Few countries can boast of a similar record. Even aking comparisons with more recent times, we find that the per-person rate of heat consumption last year was 28% less than the average of 230 lbs in 1945. Half century ago, when bread was a much more important item in our diet, every – erson consumed wheat at the annual rate of 315 lbs. Very few of the dietetic sug-estions from Washington and elsewhere prescribe added use of bread in our daily enu, probably for the reason that doctors and insurance companies are stressing o strongly the advisability of watching weight, while at the same time attributing any of our maladies to excessive corpulence. In these circumstances, it is cruel o the taxpayers that those who formulate our wheat policies fail to realize that hen the public wants less of a commodity or service, value cannot be stubbornly aintained. It would have been just as ill-advised to have supported buggy manu-acturers after the automobile had become more popular.

According to Broomhall, shipments of wheat and flour for the week ending arch 4th were heavy at 10.4 million bu, and the revised total since July 1st mount to 295.7 million bu compared with 282.5 million a year ago. It seems that lmost each day we are granting allocations to one country or the other under .L. 480, and yesterday an authorization was made to Nationalist China for a otal of $5.2 million worth of wheat and flour, which will probably be shipped ostly from the Pacific Northwest. As long as many of these nations can buy it on asis of their currency, they will no doubt be interested parties. Our corn exports or the week were 3.2 million bu, and since the 1st of October we have shipped early 94 million bu, which is approximately 4 million more than last season. espite a smaller oat crop our exports thus far have been about 10 million bu greater. ye, however, is not going out in big volume, and total shipments are a little under million bu compared with 7 1/2 million for the same period of 1959.

There has been a considerable amount of discussion regarding an item in ne of the financial papers that CCC at Kansas City had sold 3 million bu wheat to n exporter. This, however, is no different from previous business except that t was sold by the agency's Kansas City Office instead of from Dallas. It was wheat gainst payment-in-kind scrip, mostly protein. It is considered likely that CCC ill start offering straight grades of red wheat for export either this afternoon, or onday. For some time they apparently had been out of stocks covering such grain, ut no doubt a resumption of selling would be pricing this year's wheat that they will cquire on takeover. Some of this wheat on take-over could be partly garlicky, ut in any event there was a report that Turkey had received an authorization for 0,000 tons of red wheat, and there is still some question whether it will be for arly shipment, but some think it will clear before the end of May. Under the cir-umstances and with these uncertainties, May wheat gained back its full premium ver March which was lost yesterday. Also Kansas City March wheat made a eason's high. Meal turned strong and there was a small upturn in oil, but all this as reflected in higher prices for beans, despite the continuance of tenders against he March future. The upturn in oil also helped the lard market. March corn was eavy, and there was some selling by those who had previously taken delivery. his had a little influence on the later months. New crop oats made new highs.

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CHICAGO, 4 March 14, 1960

Total clearances of wheat for this season will be close to the 443 million o exported in 1958-59. This is helpful insofar as the surplus situation is concerned a we will add very little to carryover reserves. It is, however, less encouraging when it is realized that foreign sales for dollars will undoubtedly be less than the revious year. The final breakdown will not be known until after June 30th, but it apparent that much of the recent spurt in shipments has been the result of increased programming under P.L. 480. Since this program was modernized in 1954, ales for foreign currencies have jumped from 23 million bu to last year's total of 30 million bu. The latest contract announced Friday was for 40,000 tons of #2 red heat negotiated with Turkey under which that country agreed to buy $2.3 million orth of this grain to be paid for in that nation's currency. Under terms of the greement the wheat must be contracted for by May 31st and shipped by the end of une. We still do not know how much, if any, of the red wheat in Chicago will be equired to fill this or the Polish P.L. 480 authorization, but the CCC has and will ake over quite a bit of this type wheat to possibly compete in offerings. There is o clarity to the eventual situation locally. Therefore, the May future in Chicago as retained a good premium over July which would change if there were an indication that ample deliverable stocks would be available in May.

There were quite a few statistics and discussions regarding soybeans ublished this morning including the figures released showing that the open interest n futures has declined by 15 million bu since the end of January. The USDA has stimated that the soybean crush for the month of February will be about 33 million u, and though this is a million bushels less than the same month last year, if orne out, would be larger than unofficial guesses have been. This estimate is ased on daily crushing figures representing a good portion of the industry. The merican Soybean Association points out that free supplies of this commodity are ow by far the greatest on record for this time of year though it is difficult to ctually pinpoint the location of large quantities in comparison with 1959. Many nid-south observers believe that the USDA overestimated last fall's crop for that rea. There was little country movement last month, and though the weather was major factor, it is also true that many farmers are still looking for a price dvance and if values increase by 5 or 10¢, a very large-scale movement could easily develop. A planting intentions report on 1960 crop acreages will be ssued Friday and, as we have mentioned earlier, it appears likely that there will e some increase in soybean acreage as compared with last year. This is even nore likely as the prolonged winter has caused delays and probable reductions in at seedings. At the same time advance sales of seed corn are up from a year go, and a larger acreage may be planted to this grain for the same reason.

The Wall Street Journal had an article discussing the possibility of a ecord world wheat crop in 1960 which is somewhat surprising as most reports o far, though favorable, have not been glowing as ground conditions, particularly n Europe were far from ideal during last fall's planting season. Also some reductions have been considered likely in Asiatic countries. Certainly prospects are ood in many countries, and next year's U.S. wheat exports would be affected by n increase in world production.

Old crop wheat futures were quite strong as the sale of almost a nillion bu of red wheat to Turkey was announced. Some hedges were bought in the it, presumably against this. At the same time cash movement of hard wheat – n the Southwest is practically at a standstill with hardly any increase in loan redemptions. Another heavy snowfall is expected in the Kansas City area, and many outhwestern places report that some amounts have already been received.

Chicago stocks of wheat declined only 180,000 and a little better than million are still available. There was a slight increase of corn and almost 9 3/4 million bu are in local elevators. 1.8 million bu of oats remain in the ity following a small decrease in stocks during the week, and small shipments f rye leave a total of 1.4 million bu of this grain. Bean supplies declined by 78,000 bu, and 9.8 million bu remain.

Markets were firm. Beans were infuenced by some of the above mentioned statistics as well as strength in the products. Processors raised their ffering price of meal. New crop oats again registered season's highs. The isible supply of wheat decreased 1 1/4 million bu.

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CHICAGO, 4 March 15, 1960

The dimensions of the surplus problem until recently have been underestimated. Wheat at the present time looms as our number one agricultural problem, and it is, therefore, possible that when new legislation is recommended, we may have a special program for this commodity, which apparently differs in many ways from the other basic products. Sitting as we do here, we are mindful of the fact that criticism comes quickly from those of us who are not burdened with the responsibility for public acts. At the same time there are many of us who have spent a lifetime in the grain business and should, therefore, be qualified to make certain judgments. We have always maintained that reliance on market prices to induce needed adjustments has had genuine advantages over more direct, more coersive controls. It is for this reason, if for no other, that farming in America under its system of freedom has progressed so much more rapidly than in Russia. Farm policy in the more limited sense can and should benefit from a sharp distinction between measures that regulate productive capacity and those that support operators' income.

Confusion, particularly amongst politicians, is at the root of most of our present difficulty. It is, therefore, high time that we face up to the facts and admit that we are in need of income programs that do not unnecessarily build up surpluses year after year. Recognizing this as a fundamental issue, we have often recommended overt transfer payments to farmers as an attractive alternative. In this way the laws of supply and demand could still function in the market place, while the public would have an exact estimate of what the farm payments would cost. Under the present system of keeping prices high in the market place through artificial means, there is no restraint on budgetary requirements, nor is there any control over the costs of servicing and storing products that are grown in excess of demand. Artificially high prices can only bring about marginal incentives to produce, and to that extent are in direct conflict with efforts to restrain output or marketings. The record 1959 corn crop was not a consequence of lower prices, but apparently the support level was not down enough to restrain farmers from planting a large acreage. Those who are responsible for removing restrictions on plantings would like more time to determine whether their program is sound, but in our view a promise of too much freedom to plant too soon and at too little price decline will not solve our difficulties. We doubt that one has to eat a whole lemon before coming to the conclusion that it is sour. Finally we should not make the mistake again of believing that any transitory improvement in the current agricultural situation is by itself evidence of program success.

Primary receipts of wheat amounted to 1.1 million bu which compared with a little less than a million bu last week and 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 112,000 bu.

Next Monday we expect that the stocks of wheat in deliverable position will show a large decrease, but some of this may only be a shifting since mills bought some of the wheat from those who had taken tenders on the March contract. A premium of 20¢ per bu for May over July already denotes great scarcity. Whether we shall have an acute scarcity next May is something that we doubt very much. The recent allocations of soft wheat to Poland and Turkey amounted to 4 million bu, and this changed the situation, but by the same token we might still have a total carryover reserve of 14 to 15 million bu of red wheat at the end of the crop year, and if Chicago stocks are even moderate at that time, we doubt whether many longs will want to carry old wheat into the new crop at the present differential. There is still a good deal of snow and stormy weather over the country, heaviest in the Southwest. This is a deterrent to those who might otherwise wish to buy new crop wheat futures at the big discount under the likely loan. The government weekly crop report was optimistic although, of course, there can only be slow growth with so much snow on the ground, but soil moisture reserves are extremely favorable and beneficial amounts fell again last week. There was flour business overnight with some hedge lifting which also had more influence on old crop months than on the new. Beans were a little weaker at one time, but a rally in the meal market brought some buying of beans into the market, and at the close there was a small advance. Corn did not do much. The same was true of the oat market even though the season is bound to be very late.

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CHICAGO, 4 March 16, 1960

The Assistant Secretary of Agriculture recently appeared before the House Committee on Agriculture and discussed rather comprehensively the U.S. wheat program and the problem of surplus. This is quite interesting as it conclusively sums up many of the factors that have influenced overproduction and the developments in government thinking behind the farm policies of the past, and their defects. The most beneficial action probably has been the foreign disposal of surpluses. Under the P.L. 480 program, over 1.4 billion bu of wheat has cleared our shores since 1955. Every exported bushel is subsidized and the average subsidy during this period has been somewhere close to 70¢ per bu. The Department has attempted to place this grain into export channels without adversely affecting the economies of other surplus producing nations. In spite of the high cost, they have met with some success, even though many of the recent subsidies have been paid for in large part by payment-in-kind.

The major concern of officials domestically is over the failure of the farm programs to serve their purpose. Acreage allotments are an example as they were initiated with the idea of reducing wheat plantings. However, the results were even larger than anticipated crops as per acre yields were influenced by generally good weather and constantly improving technology. In many cases allotments were overplanted and the 15-acre exemption clause proved detrimental, as it encouraged farmers to sow wheat who might not otherwise have done so.

On July 1, 1952, carryover supplies amounted to 256 million bu. Since that time they have grown to a projected record of 1.3 billion bu estimated for reserve by the end of June this year. It is true that reserve supplies are necessary to meet national emergencies, and since wheat is a universal grain, it is an important product for trade with free nations. An intelligent program must be initiated, as farm freedom is essential as a basic concept of our governmental system. The theory of loan reductions is inadequate if the price is high enough to encourage over production, and would be even more so if unlimited planting were allowed, as the President prefers. The major problem before any solution can be agreed upon is still the big surplus and its competitive effect on new crops. All officials seem to agree that a continued forced build-up of reserves would cause an eventual breakdown of all price support programs; therefore, it is vital that legislators should be very careful in the selection of a new program, which is so necessary to insure a profitable future for the agricultural society.

Exports of soybeans this past week totaled only 605,000 bu vs 1.3 million bu for the same week last year. Since October 1st shipments have been about 12 1/2 million bu in excess of those during the same period in 1959. Heavy snows continue to accumulate over the entire central and midwestern grain producing areas, and will, of course, cause a further delay in spring work, including the planting of oats. At the same time the country movement is practically at a standstill. However, it is thought that a fair movement of wheat in the Southwest, as well as corn, will occur once conditions permit.

Old crop wheat futures remain relatively firm, with exporters supporting the market. The only sales of consequence were 7 cargoes of hard wheat to Poland, Gulf shipment, and 22,000 tons of this variety to Pakistan. The former country is expected to purchase additional red wheat under their authorization momentarily, but no sales have been reported this morning. Red wheat redemptions from loans have increased, and the CCC also has some amounts available in addition to quantities that they will take-over at the end of the month. Flour sales also continue in fairly good volume. Fluctuations in all commodities were rather small, with beans tending on the weak side during the session, as it is thought a commercial interest who had stood for delivery earlier in the month might retender. There was very little activity in meal, and the cash market is unchanged. New crop oats continue their firm trend, as additional moisture undoubtedly will add to the delays in planting, and possibly cause further reductions. The Nebraska weekly report says planting of this grain normally should be underway in the next week or so, and completed by mid-April. Even if temperatures moderate considerably, fields will be too wet for entrance for some time. Corn was a shade higher with little feature.

Primary receipts of wheat totaled 741,000 bu, slightly less than last week, and compare with 1.1 million bu a year ago today.

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CHICAGO, 4 March 17, 1960

Chicago has become virtually a soft red winter wheat market. In our own territory we do receive some hard wheat, but in the main there is little chance of bringing in larger supplies from the Southwest as was formerly the case when freight rates from Missouri River points were much less than they are at present. Another factor which has been a deterrent in bringing hard wheat into this area is that the government has fixed the same loan price for Kansas City as it has for Chicago, while historically for many, many years Kansas City used to sell anywhere from 6 to 10¢ below the Chicago level. Under these circumstances it is necessary that we appraise the red wheat situation very carefully-because it is relatively scarce at times, even though the government has an investment of nearly $ 3 1/2 billion in all wheat, and as far as the hard varieties are concerned, they are in abundance almost everywhere.

Last summer the red winter wheat crop was a little over 165 million bu; this was a reduction of nearly 30 million bu from the year before, and the crop was about 10 million smaller than the average in the years 1948 to 1957. Nevertheless, with a carryover stock of about 19 million bu, we had a total supply of 184 million bu, and inasmuch as the domestic disappearance runs from 135 to-140 million bu, there should have been enough for all purposes except for possibly any excessive exports that might have been granted through allocations, which might have created a short supply at home. As late as February 29th, USDA estimated that we would have a reserve stock of some 17 million bu next July 1st. This figure was confirmed to us privately by one of the men in the Department, who is partly responsible for handling the authorizations under PL 480. Whether that figure will still be borne out is somewhat problematic for the reason that recent allocations to Poland and to Turkey came somewhat unexpectedly, and there are some who claim that there might be further quantities sold abroad. It is the uneviable task of USDA to estimate how much wheat will be used domestically, how much will be exported for dollars, and how much is required for adequate carryover. When those estimates have been made, it is sometimes possible to arrive at the quantity of wheat which may reasonably be expected to be in surplus and available for export under P. L. 480 programs.

There are a good many people in the trade who do not believe that the discretion should be left with one or two men in the Department but that rather supply and demand factors should prevail. In view of the fact that there is a very delicate balance, we have often seen some great distortions where either red wheat sells at a discount under the futures, thus bringing about a carrying charge, or in other years when there is a big premium, and, indeed, two years ago through heavier shipments of red wheat than the markets could accommodate, we saw May wheat go to a very large premium over July, with the result that there was practically a natural corner and only 6 million bu was carried over. We had thought that in view of this experience the government might try to hold exports of red wheat in check, at least to a point where Chicago stocks would be at areasonable level by the end of May. As a matter of fact, we are still of the opinion that there could be 1 1/2 to 2 million bu here, in which case the present premiums over July may not be warranted. In the meantime, of course, a good many shorts in May, including hedgers, have become frightened, and with the advance in the general price level, there has been more red wheat sold from first hands and the basis was easy in the Central States, but firm to strong on soft white wheat. The expectation is that free wheat will come out in increasing volume.

There was no particular feature to the statistical news but so far this week Kansas City and Minneapolis stocks show a total increase of 306,000 bu. Primary receipts were light very likely due to weather. The pig report for 10 Corn Belt states showed a 13% reduction in the number of sows farrowed and intended to farrow in the spring of 1960 through May. This was also 13% below the 10-year average. Wheat prices were influenced at times by continued buying of May, and hedgers have been active all week in covering. The spread between May and July went to the widest figure on the crop before narrowing. Meal prices were extremely weak, which in turn influenced beans. There was not much feature to corn but prices were a shade lower despite light country offerings. We heard that more red wheat had been sold for export via the Gulf which may be shipped from Chicago, and all of this points to a rather good amount moving out of this market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 18, 1960

The trade has looked forward anxiously for some time to this afternoon's government crop report. This estimate will be concerned with spring intentions to plant. Only spring and durum will be mentioned, insofar as wheat is concerned, as the majority of the crop was planted last fall and the acreage has already been forecast. The most interesting observation will be what soybeans, corn and oat intentions are. The latter grain should be seeded at least by the end of April in most sections but due to the unusually heavy and prolonged snow, it is mostly likely contractions will occur, even though only 36 million acres were planted last year compared with the ten-year average of 43 1/2 million acres. Seed corn sales have been running ahead of last season, and it is believed at least the 85.5 million acres utilized in 1959 will be planted for this grain in 1960. Many farmers are interested in devoting the maximum amount of land to this cereal so that in case the Department of Agriculture ever returns to the acreage allotment system they will have established a large base. Increases are also expected in soybean seedings, especially in southern areas where this crop has become more popular. Prices have averaged above the loan most of the season, and this should act as an inducement for farmers to produce this commodity in the coming year. March intentions in 1959 for beans for all purposes were 23.1 million acres, and this figure was eventually pretty well substantiated, and compares with the ten-year average of 18.1 million acres. As weather has been so unseasonable, today's figures representing intnetions may be less than normally accurate as in many cases farmers may not be certain yet what proportion of their land will be seeded to these various crops.

Soybean products have declined again following the recent strength which undoubtedly disappointed long holders. The conversion ratio had hardly improved and is a discouraging situation as far as the bean market is concerned. Following the heavy snows the country movement has practically come to a standstill and consequently hedging pressure has been eliminated but local stocks still are quite large and deliveries continue to circulate. Normally weather such as we have had would force corn prices considerably higher, but under the present unique circumstances the reserve supplies are so large and of questionable quality that supplies of this grain seem endless. It is expected that a movement of off-grade corn will develop eventually and possibly force prices lower.

Some increases have occurred in wheat loan redemptions but not nearly large enough considering the present premium and at many Kansas, Oklahoma and Texas points farmers can realize 5 to 10¢ above all redemption charges. There is some talk that the CCC may extend the default date beyond March 31st, as poor road conditions are to blame, with the inability of farmers to move this wheat from binsites to elevators. It would seem natural that country selling will increase as soon as conditions warrant. Moreover, harvesting of wheat in the Southwest comes earlier than in other parts of the country, with some arrivals frequently at Kansas City during late May or early June. Therefore, Kansas City May wheat is vulnerable and might lose much of its present premium.

Primary receipts of wheat today totaled almost 1 million bu, slightly larger than a week ago, and a shade less than last year. Kansas City and Minneapolis stocks decreased 32,000 bu so far this week. When the visible supply of this grain is posted Monday it will compare with an increase of 820,000 bu in 1959.

Trade was rather quiet early in the session with the exception of rye which has been depressed recently. This grain traded in new low ground this morning as further liquidation occurred. Though last season's crop was smaller than the previous year, exports so far this season have been only 4 million bu vs 7 1/2 million for the same period in 1959. The carryover has been estimated at approximately 10 million bu; consequently, the early season scare that supplies would be short has not been warranted, and as the price level was higher than the loan a declining trend has been witnessed for many weeks.

The CCC continues to report a few sales of soybeans, and though they are not large quantities they do point out the fact that prices in some areas are well in excess of the loan. Old-crop wheat futures firmed late in the session and May gained on the July, as there are still uncertainties as to how much wheat will remain in this city at the end of the current crop season. It is thought Poland has concluded purchase of her red wheat authorization.

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CHICAGO, 4

March 21, 1960

After the close of the market on Friday, the Crop Production Board published data and statistics on the prospective plantings for 1960. Owing to the fact that we are having a late spring, there may be some variations, but in any case it is interesting to note that the likely plantings for soybeans are apt to be 6% higher than last year, with the possibility of 24.6 million acres under production, which has only been topped once: namely, in 1958. This, of course, had a bearish impact upon the market this morning, with first prices considerably lower for old crop deliveries, as well as new. It may be that some of the land that might have gone into oats is being diverted to beans. In any case the oat acreage is anticipated at 34.2 million acres, which is the smallest of record, and less than last year by about 5%. If no more plantings take place than are indicated at the present time, it would be a cut of 21% from average. The USDA figure on corn plantings is for 85.7 million acres, or about 6% above the 1949-58 average, and not much increase over a year ago. The trade had rather been looking for heavier plantings, but possibly the drop in the loan price from $1.12 to $1.06 at the farm level has been a restraining influence on acreage which farmers expect to utilize for this cereal. There is a drop of about 5% in the plantings of spring wheat, but more important is the fact that the reduced acreage may be about one-fourth smaller than average.

Altogether feed grains are expected to be planted on 156 million acres, which if borne out, would be 1% less than in 1959. Corn and sorghum acreages show very little change from last year but significant declines are indicated for oats and barley. The winter wheat acreage was estimated last December, and in conjunction with the new figure on spring wheat there will be a total of 57.2 million acres planted, which would be about 1% below last year. Durum growers, probably induced by fairly high price levels, plan to push plantings about one-third above last year's level, but the prospective acreage of other spring varieties is the second lowest of record. This comes as somewhat of a surprise in view of the fact that the general price level of spring wheat has been satisfactory, and in many areas wheat is at or above the loan level. It might also be mentioned here that the total acreage of all crops either planted or grown in 1960 will cover about 337 million acres, which is not much variation from the 1959 level. Some allowance was made in these calculations for a number of seed, vegetable and minor field crops, which are small in proportion to the totals.

Before our market opened this morning, we learned that Poland had completed its purchases against the 75,000-ton authorization for red wheat, buying 1 cargo via the Gulf and one at the Atlantic. In view of the larger quantities which are now expected to clear at Gulf ports, we figure that Chicago may lose 1 1/2 million bu of its red wheat stock, which is a larger quantity than would have been the case if the business had been done mostly at the Eastern Seaboard. This brings up two rather important questions: namely, (1) whether any additional allocations for red wheat will be granted, and , (2) whether a surplus of red wheat may accumulate to the east of us part of which finally might have to be brought back to Chicago in the event that our May wheat would go to a larger premium over July, thus tempting holders to avail themselves of the Chicago demand in the event of unusual tightness here.

Chicago wheat stocks during the week declined 549,000 bu, leaving 5 1/2 million bu here. We expect further decreases, as mentioned earlier in this letter, to fulfill export sales. Apparently this is having some effect on the May wheat future, which is not only gaining on the new crop months, but also against Kansas City. There was very little change in the local corn stocks. Beans decreased 219,000 bu, leaving 9.6 million bu here. There was only a small amount of bakery flour business over the weekend, but UAR will receive offers tomorrow on two cargoes of flour, and may even purchase substantially larger amounts. Corn prices were not much changed in spite of firmness in other pits. The corn-hog ratio now is slightly better than last year. Beans, which were sold early, recovered well, and there was both commission house and local buying, which undoubtedly was influenced by higher meal prices. We shall probably get a report this afternoon showing the amount of corn under loan. As of January 31st there had been 296 million bu of corn impounded, and it will be interesting to see how much progress has been made since that time owing to the fact that there is so much wet corn in the country. Rye was firm to higher, most of the strength in nearby positions.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 22, 1960

The redemptions of wheat during February were only about 11 million bu, ad this came as somewhat of a surprise to the trade, because one would naturally ve thought that with the high prices that have prevailed in many parts of the untry, farmers would have been more anxious to repossess more of their wheat ad sell it at a higher price than if it went through default. As matters now stand, e are going to have to have more wheat returned to commercial channels in order have asufficiently large stock of free wheat before the next harvest. According the present figures available, with a total disappearance this season of over 1,065 illion bu, we shall be left with a carryover on July 1, 1960 of about 1,350 million u. Thus it can be seen that from a statistical point of view there is no shortage sight. A reserve stock of this size would be 71 million bu above the previous ecord of 1,279 million bu that we had on hand last July. We shall probably continue o add to our surplus again for at least another year if normal crops are produced n the estimated acreages for next summer's wheat crop.

On the other hand, we are not adding so enormously to these stocks, as we id a few years ago. For example between 1953 and 1955, we added 677 million bu heat to the carryover reserve, and at the same time during a two-year period our otton carryover rose by 7 million bales. During the past five years we still added o the reserve stocks by about 350 million bu, but at least the pace had been slackened, nd from now on we may be able to effect some slowing of this rapid expansion owing o the fact that our export programs are geared at a very high level, although most f the shipments are being made under P. L. 480. Our domestic wheat disappearance n 1960-61 is estimated at 628 million bu, or about the same as during the current rop year. If exports total 430 million bu, we may count on an indicated carryover eserve of1.5 billion bu for July 1, 1961. This would be an increase of about 11% ver the indicated reserve at the end of the present season.

The USDA announced its pricing formula for the sale of soybeans, both on resent inventory and also for takeover supplies that will be acquired through efaults. As of March 11th, CCC had an uncommitted inventory of approximately 1/2 million bu of soybeans. As of February 29th, producers had placed 52.3 illion bu of the1959 crop under price support and purchase agreement programs. heir effective selling price through September 30th will be at a mark-up of 20¢ er bu over the support rates, varying a little according to counties, but the value f any transit will be added to the price. Market discounts for quality factors will lso apply. This selling policy is designed to encourage maximum soybean holdings commercial hands during the remainder of the 1959-60 marketing year.

Primary receipts of wheat today were more than a million bu, which was lightly less than last week, and also less than last year. Kansas City and inneapolis stocks so far this week show a total increase of 213,000 bu. During the eek contract stocks of Chicago wheat declined to about 3 million bu. Chicago free tocks of wheat decreased 549,000 bu, and from all we hear exporters will ship more heat from our market, all of which is having a strengthening effect on the nearbys, hile new crop futures are relatively inactive. March wheat was affected to the extent that it went to a premium over May, but it expired in a rather orderly fashion. orn prices were firm, but the market hardly responded to the very large increase loan entries during February. It is generally realized that after that date it will ave to have a progressively lower moisture content each month to qualify for the an, and thus we believe that probably not more than 500 million bu will be impounded by May 31st.

The government weekly crop report spoke of a snow blanket that covered e nation for a prolonged period, but as thaws took place over many areas the wheat ant reflected a satisfactory appearance, although there was still snow over many the fields in Kansas, Nebraska, and over the middle Mississippi Valley. Recently mperatures have risen, and it is observed that the moisture supply continues to e very favorable. However, wet fields continue to delay seeding of oats and barley eriously in the Gulf and Great Plains regions.

The early advance in beans failed to hold, and there seemed to be some ealizing on advances. Rye sold at a season's low, and there is still no great inducement for buyers except that the market has had a sharp decline. March beans xpired at nearly a full carrying charge under May, and March oats had a last inute decline. Meal lost all of its early advance.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 March 23, 1960

In recent sessions various commodities have been fundamentally independnt of each other. This was further exemplified by the expiration of March contracts yesterday. The current month of wheat has for some time been at a discount under May as local stocks of this grain have been ample. Though 5 1/2 million bu of red wheat are still in Chicago elevators, recent export sales will necessitate further shipments and, with amounts owned and designated for mill usage, further reductions in supplies are certain. Therefore, March was in good demand and finally closed at a small premium. Some analysts are making comparisons with conditions two years ago when May wheat eventually sold more than 40¢ over July. Though part of the spread could be attributed to loan differential, which was about 20¢, there was, nevertheless, a large export business done under P.L. 480, and allocations were granted that caused Agricultural Department officials to admit that reserve stocks were what they considered inadequate. Any analogy between circumstances in 1958 and this year must take the carryover supply into account, and it still seems apparent that reserve stocks July 1st will be at least twice as large as they were two years ago. This takes into account the sale of 1 1/4 million bu of this class wheat announced this morning to Morocco, but that country paid for this grain in dollars, and it is doubtful whether further P.L. 480 shipments will be consummated. The most important final question will be the position of red wheat supplies, and since local stocks will be low, if wheat is available in other locales, it might be shipped to Chicago, if premiums warrant. In the meantime uncertainties exist and, while they do, the old crop future could remain quite firm.

March beans terminated at approximately a full carrying charge which was not too surprising as 8 1/2 million bu of free beans are still in this market, and demand for them has been slow to develop. The country basis is quite a bit higher. The government could control close to 75 million bu including 8 1/2 million now in their inventory, 53 million bu presently under loan, and 13 million resealed from previous crops. The carryover is anticipated close to 45 million bu as exports are running 13 1/2 million in excess of last year, and crushings earlier were expected to be near the 400 million bu mark, though that figure might not be attained. Before the crop year ends, the price level may have to reach the government selling price, 20¢ over the loan, which is not far above present market values in some areas. In the meantime the conversion ratio is a definite factor and an eye must be kept on the products. For the month of February, bean crushings totaled 30.6 million which compares with almost 34 million for the same month in 1959 as well as January, 1960. This figure was not too far from expectations.

Concerning other grains, March oats faded at the last which is an indication of adequate supplies for the present. March rye became quite weak and expired in new low ground, with confidence in this grain certainly lacking. The current month of corn traded in a narrow range with little feature, but it is still thought that country sales will expand as weather improves, and with supplies so large this cereal has few friends.

Temperatures have moderated in a few areas but there is still a great amount of snow on the ground and field work is seasonally behind schedule. A private source discussing conditions reiterates that moisture supplies are generally the most favorable in years, and rapid development is expected as soon as warmer weather prevails. The condition of winter crops throughout Europe is also quite good though normal weather will be necessary in the spring months to insure best yields.

About the only market interest centered around May wheat which was again firm, reflecting the new export business. Late in the session a report emanated from St. Louis that fair amounts of red wheat are being offered out of elevators in that area, which can be expected. With an advancing price, bin sweepings are bound to occur, and as we have mentioned earlier anyone who owns wheat at the end of May will do so at a great risk. Soybeans were practically unchanged with the meal somewhat easier, and oil a little higher. Rye was somewhat improved.

Primary receipts of wheat amounted to a million bu compared with 741,000 last week and 844,000 a year ago. Kansas City and Minneapolis stocks increased 239,000 bu so far this week.

UHLMANN GRAIN CO.

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CHICAGO, 4

March 24, 1960

The amount of food in the world is not a problem, but what is instead is its geographic distribution. If there could be proper allocation, there would beplenty for all, but as varying economic levels and political systems exist the consequent result is no uniformity of diet. Even in recent years food production has expanded to new heights, but so has population so that the average increase in food availability is lagging. The rate of both food and human increase varies sharply from country to country. For example, in spite of the fact that India's population has increased by 1.9% per year, food output has risen by 3.9%. Conversely production in Pakistan has remained virtually unchanged while an annual population growth of 1.6% has been witnessed. Most of the world dietary problems today are centered in Far Eastern countries as well as Latin America and Africa. Climatic conditions are somewhat to blame, but the rate of development of respective civilizations also is largely responsible. Authorities predict that a high rate of population increase is likely to continue for many years, though technology will improve and keep pace which will stimulate further increases in amounts of edible goods.

It is true that western civilization has dominated progress and in the so called Western countries development has been most pronounced. In other areas living standards are more antiquated and the rate of forward movement will no doubt continue to lag. Whether or not this is true will depend largely on the type of society, but in a free one built on incentives, such as we are fortunate to be a part, advancement is more likely. Extremes are bad, too little food on the one hand or unmanageable surpluses on the other. In some cases, wheat for example and other items aren't even included in some peoples' diets, and often the cost of transportation or processing limits more equitable distribution. This is unfortunate as surplus nations could otherwise direct more food to countries not able to fully supply their own requirements and do so in an intelligent orderly fashion. The question of distribution is as important as any other world problem as well fed persons are more apt to be content.

The USDA has discontinued export subsidy payments on oats because last year's crop was small and they seem interested in assuring adequate carryover supplies. This cereal has not been eligible under P. L. 480 for some time. It is interesting to note that since July 1st, 32 million bu have been cleared versus 21 million in the same period the year before. Since the subsidy has been quite small, it is still possible that further export sales might be consummated. Wheat and flour shipments according to Broomhall are 314 1/2 million bu since the start of the crop season,almost as high as last season. The hard wheat bids in the Southwest have declined in anticipation of increased loan redemptions before the end of the month as prices remain near the season's high. Corn exports since October 1st are almost 100 million which compares with 97.4 million by this date last year.

The only commodity that was not higher were soybeans, which declined somewhat, although interest was comparatively lacking. Meal and oil were both easier and it appeared as though many local traders had wandered into the wheat pit where attention was again focused on the May future. This old crop contract again registered a new high, though commercial buying was quite light, and some profit-taking apparently occurred. No new red wheat sales for export were announced, but Pakistan bought 300,000 bu white wheat and 750,000 bu hard wheat. During the first three days of this week 10 barges and 124 cars of this cereal were loaded out of Chicago elevators.

Corn, particularly the nearby delivery, was higher as export sales were made overnight and hedge-buying against this business took place. A sizable amount of this grain was purchased by the U.K., and a smaller amount by Holland. Some corn has been sold for lake shipment to Buffalo, but the Gulf basis is still at a lower rate than Chicago so that southern points are able to compete with this market. The country movement is still not large, though commercial and elevator operators seem able to obtain day to day requirements. Oats, especially the new crop, again gained momentum, and traded in new high ground as further reports of seeding delays emanate from the country.

Primary receipts of wheat amounted to almost 1 million bu, about the same as last week, and compare with 616,000 bu a week ago. Kansas City and Minneapolis wheat stocks so far this week show an increase of 316,000 bu.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 March 25, 1960

A decade ago U.S. exports of all goods accounted for about 27% of the world total. This percentage figure has declined, but in a gradual fashion until recently, and now this country's share is 22%. Hope for improvement does not appear imminent, as a number of factors are present that are likely to prolong this pattern. Many of them are obvious and have been mentioned frequently. Inflation in this country has tended to force wages and prices to a high level, so that competitive goods manufactured in foreign lands can be offered on a cheaper scale. The drop in exports the last five years is mainly attributed to items such as automobiles, iron, steel, and aircraft, which have been produced in other countries less expensively. If the U.S. share of world marketshad kept pace at the 1954-56 level, overseas clearances in 1958 would havebeen $511 million more than reported, with the above-mentioned products making up all but about $ 28 million worth.

Another factor to be considered, and one with which our government might take a more realistic view, is the way that money has been placed into foreign commercial channels. These funds are intended for the economic development of other countries and can be considered useful to a point. However, the plan reacts upon American industry, as not only are we encouraging the manufacture of foreign products to compete with our own, but at the same time U.S. corporations must pay taxes at the rate of 52%, which in effect means that they are eventually helping to stimulate this very stiff competition. Even our agricultural programs aid in extending this process as our government sells surplus grains abroad for foreign currency. That money be it francs, marks, pounds, pesos, rupees, or whatever generally is designated for the construction of highways, schools, military bases, etc. However, the effect is to free capital in other lands, and it thus becomes available for economic projects, which, of course, offer the competition to U.S. industry. Foreign aid is beneficial particularly to friendly nations who need our help, but better control might be exercised. It may be that the importation of cheaper goods would help slow inflation in this country, and it might to a degree, except that if we continue to channel funds to other lands those nations become too dependent, and their demands upon us will act as a constant undertow in an otherwise stable economy.

Less than a week remains before the wheat default date, and it will be interesting to see whether further reductions develop on a large scale. Though some wheat could be redeemed at about the gross loan price, commercially stored grain in the Southwest will have to increase from 4 to 5¢ to cover all charges, including interest. Only small amounts of red wheat have come upon the market in the Central States the past few days. No new export business has been announced but shipments from Chicago elevators continue at a rather rapid rate covering previous sales.

The Chairman of the Senate Agricultural Committee announced that as soon as the Civil Rights Debate is ended, he plans to begin action on a bill to cut the wheat surplus. It is Senator Ellender's hope that his committee will resume hearings on what the administration has labeled the nation's #1 farm problem, and he believes a bill will be approved allowing for a reduction in planting allotments, and at the same time increasing federal price supports. This is of course in opposition to Benson's program. However, there is formidable opposition to unlimited plantings as the recently announced corn acreage intentions indicate another large corn crop next fall. Since the Agricultural Secretary desires pretty much the same program for wheat - unlimited planting and lower supports - it is thought that the surplus problem would only be extended.

There was very little activity marketwise today and price changes were minor. May wheat reacted somewhat as longs accepted profits. Corn was more two-sided with continued support by exporters. Other commercial interests were on both sides. Much of the country corn appears to be moving south for export, and poor road conditions have slowed offerings. Feeding continues on a large scale, but the debatable quality of a large percentage of this grain is constantly mentioned, and it still seems likely that sales will increase as weather improves. Oats remained firm and there is a better undertone to the rye market. Beans were without feature. Primary receipts of wheat were a little over a million bu, slightly above those of last week; a year ago today was a holiday. Kansas City and Minneapolis stocks increased 375,000 bu, and when the visible supply is posted Monday it will compare with an increase of 109,000 in 1959.

UHLMANN GRAIN COMPANY

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CHICAGO, 4

March 28, 1960

At last the first signs of spring have appeared, mostly in the form of above-freezing temperatures and melting snow. This may be only a start but it is certainly welcome after one of the most prolonged winters ever experienced. A general warming trend is forecast for the entire grain belt, and will aid in the seeding of early spring crops, which in some cases should already be in the ground. Much depends on how fast the soil becomes suitable for planting, and any changes from the government estimate on intentions will be largely governed by these factors in the next few weeks. Though a reduction of only .6% is expected for feed grains this year, good-sized crops are again in sight. Planted oat acreage will be less than last year. However, poor yields were experienced as much of the growing season was dry. Beneficial moisture, coupled with excellent ground conditions at the start, could partly offset this reduction for the current year. The corn acreage will be only slightly more than the preceding season. Increased land will be devoted to this crop in the large commercial producing areas, while reductions will occur outside the corn belt, so a large crop is almost certain.

As a matter of fact, yields and output continue to expand as better farm techniques are used. In the next ten years the total amount of fertilizer usage is expected to increase from 20 to 50% above the amount used in the past ten years. More powerful and efficient machinery will aid in eliminating labor and might even make possible faster and more intensive planting, tillage, and harvesting methods, and it is thought that it will be possible to work corn and soybean ground much less than in the past. Insect control will benefit growing crops and more attention has been devoted to soil and water conservation. Further strides are successfully being taken toward assuring better yields and improving farm output. In Illinois, 80% of the crop acreage is now planted to varieties developed in the last ten years. Though nature still plays an all-important role, many of the hazards of the past can be eliminated and if moisture is not as plentiful one season as the year before, that may not seriously lessen the output of growing grains.

A $15 million authorization has been signed with the UAR, including the purchase of 33 million lbs of either soybean oil or cottonseed oil with that country's currency. This, in addition to some other sales that are being contemplated, has brought buying into our oil market this morning, and prices have rallied more sharply than at any other recent date. Consequently, soybeans are better supported, as a poor conversion ratio has been a contributing factor to recent market weakness. Very few beans have been redeemed thus far, but in many cases the CCC selling price is very close to the free market level of cash beans at country points. Therefore, competition from this source could develop, particularly on rallies, and may cause pressure on this commodity if muchof a rise occurs. Since October 1, 1959, the government agency has sold 34 million bu of beans acquired under the price support program at the loan, plus 20¢, and as they still own 8 1/2 million bu, plus 33 million currently committed to the loan and 13 million resealed, prospective holdings will be sizeable.

During the week local stocks of wheat declined 878,000 bu, leaving 4.7 million bu in supply. Most of the shipments were undoubtedly against recent export sales, but some wheat is being received as it was thought that the decline would be more than the announced figure. This morning May wheat was under pressure as profit-taking occurred. Our market was probably influenced by Kansas City, where the old crop future has also declined the past few sessions as redemptions are undoubtedly taking place. A weak undertone prevails in the cash market in the Southwest, and farmers have three more days in which to decide on whether to redeem their warehouse loans.

Chicago corn supplies increased 1/4 million bu, and still remain close to the 30 million bu mark. There was a firm undertone again possibly with additional export business, and the fact that mild weather will make it all but impossible to traverse many country roads, while the snow is melting. The five-day forecast is for 5 to 10 degrees above normal, and though oat plantings will likely get under way soon in many areas, eventually, harvesting may be too late for receipts of this grain in Chicago by July. Stocks of this cereal increased, and there are more than 2 million bu stored locally. Bean supplies declined, leaving 9 1/4 million bu. This commodity was quite firm, influenced primarily by a very strong soybean oil market. The visible supply of wheat increased 354,000 bu.

UHLMANN GRAIN COMPANY

The eventual fate of May wheat is still quite uncertain even though prices have receded from the recent highs. Comparatively heavy selling [illegible] made [illegible] final carryover of red wheat will be as low as 10 million bu. [illegible] would be a minimum figure, excluding further export business, but [illegible] the earlier USDA forecast of a 17 million bu reserve July 1 [illegible] not be borne out. The decline of Chicago stocks last week was not as large as had been expected, though the loadings continue, and with the scarcity of wheat necessary for mill usage, obviously supplies in that market might be a good deal smaller. The most important question seems to be the position of red wheat in May, its availability [illegible] until that month. If more export sales have been made for June shipment they were done with the likelihood that new crop red wheat would be [illegible] them. The loan redemptions were rather liberal again over [illegible] as well as during this past week-end, and this undoubtedly is affecting the Chicago market to [illegible] May wheat has been around and is, of course, more influenced by these cash sales. The availability of new crop wheat in the Southwest is likely at an earlier date than in the Chicago [illegible]. [illegible] are some aggressive buyers for almost all types of wheat and overseas sales of flour were moderately heavy.

Planted acreage will be considerably expanded in Canada, according to March 1st farmers' intentions, and an increase in the soybean acreage is also probable. As far as the latter commodity is concerned, the total acreage amounts planted the past five years were only about 250,000 acres, so that the crop there is not particularly large. A measure of [illegible] in Canada during the winter [illegible] indicates that [illegible] had been [illegible]. Though there are still over 100 million bu [illegible], [illegible] had been anticipated as that country had an unusually mild [illegible] winter with little snow. [illegible] farmers were able to get into the fields and [illegible] some amount of grain that they had been unable to combine during the fall months. An unseasonably mild spring thus far will allow longer than usual planting of all crops.

[illegible] says that 99 million acres of U.S. cropland will be diverted [illegible] of the land normally used for grains [illegible] in the [illegible] of the [illegible] place [illegible] entire [illegible], or a total of 15 million acres in this [illegible], on which [illegible] payment of $11.57 per acre. Only [illegible] wheat producers, have over one million acres in this [illegible]. The Senate [illegible] passed and sent to the White House a bill [illegible] penalties [illegible] who [illegible] their acreage [illegible] do not exceed their [illegible].

[illegible] quite even though the [illegible] had been [illegible].

The [illegible] Grain Co. reported that [illegible] winter oats [illegible] of winter wheat, and both [illegible] suffered [illegible] during the [illegible] months. [illegible] and [illegible] more talk of [illegible] almost [illegible] will not [illegible] at all, [illegible] put into the ground at too late a date. [illegible] likely that substantial increases may occur over the March 1st intentions [illegible]. September [illegible] exportation and elevator charges, [illegible] that [illegible] of this month could [illegible] grower [illegible] corn [illegible] would [illegible] maintaining prices [illegible] owned by CCC, are [illegible] three [illegible] in corn, [illegible] continue that [illegible].

[illegible] corn equaled the old crop high. [illegible] ed [illegible],000 bu and now total 10.4 million [illegible].

DAILY MARKET LETTER

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CHICAGO, 4

March 30, 1960

When the author said, "Things are rotten in Denmark," he might have exaggerated somewhat. There is, however, a definite correlation between present-day conditions in that country and American agriculture. Similar to our country in many respects, Denmark is a land of beautiful scenery, intelligent people, good government, and modest prosperity. There are jobs, food, shelter, health and social services for everyone. Schooling is free. As a matter of fact, there is so much security in their regulated economy that the average Dane has much of his life pattern arranged for him. This sounds like a Utopia except recently published statistics substantiate that Denmark has the world's highest suicide rate; 1% of the people are examined yearly for mental disturbances, and 7% of all homes are broken by divorce. These are figures no Chamber of Commerce would be proud of especially since much of that country's young citizenry long to emigrate, seeking the competition that is missing at home. A leading Danish physician attributes this malcontent and inner conflict to a considerable degree to the lack of struggle and inability to shape one's destiny.

Though this disease may not have spread to U.S. farmers, they have been exposed to the symptoms, and that in itself should give Americans something to think about while members of government argue over what program will offer the most security. They cannot decide whether they want loan payments, planting allotments, subsidies, drought guarantees, resealing, storage benefits, and so many types of give-aways that the patient has become so sick the poor doctor does not know where to begin his cure. An insecure person is pathetic enough, but too much security leads to overconfidence, apathy, and eventual spoil. It can be deadly.

There are reports of pending shutdowns from processors again in spite of the recent improvement in the conversion ratio. Many crushers are complaining they have been operating in the red, and as the number of beans converted into products this season is less than last year's total by this date, some concern is expressed whether or not the 400 million bu crushing figure earlier forecast now will be reached. Exports last week were almost as large as the 1 1/4 million bu shipped during the same week in 1959, and though the cumulative total since October 1st is 13.3 million ahead of last season, this lead was built largely last fall and is barely being maintained. The cash price of meal has improved somewhat, indicating a better feed demand. However, Agriculture Department economists say that competition of cheap corn because of its high moisture content has interfered with the disappearance of competing products. During the first half of this month, No. 2 yellow corn in Chicago averaged 5¢ a bu lower than a year earlier, and No. 5 corn, carrying moisture discounts, averaged as much as 12¢ a bu less. The continuance of corn feeding on a heavy scale will no doubt keep on, as farmers must dispose of large quantities to avoid spoilage. This should have a bearish effect on feed prices generally. Oat values remain 10 to 12% better than a year ago because of smaller supplies.

Strength developed in the May wheat on further discussions that CCC take-over of soft wheat in Kentucky and other eastern states has all been or is expected to be sold for export. Government ownership of red wheat is not large and it has not been thought that any large volume of this variety would fall into their hands as redemptions should be fairly large with prices in excess of the loan. There has been no further red wheat export business announced, but India is expected to buy other varieties of this cereal on a large scale in the next few days.

Other markets were mixed, with corn firm again, and it appears as though sentiment had been bearish, and a great amount of short covering has taken place the past few sessions. Since export hedge lifting and other commercial buying was also prevalent, prices have responded considerably. It would seem that pressure will develop in the coming months by farmers unable to comply with the loan qualifications or eventually by CCC who will finally have to make room for the prospective large crop in the fall. Soybeans were easier, with no particular feature other than continued talk of poor conversion ratios. Oil reacted following its recent strength, and meal was firm.

Primary receipts of wheat today totaled 802,000 bu vs 1 million bu last week and 638,000 bu a year ago. Kansas City and Minneapolis stocks increased together 317,000 bu so far this week.

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DAILY MARKET LETTER

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CHICAGO, 4

March 31, 1960

A new authorization has been signed with Poland covering 190,000 tons of wheat. Included in this agreement will be either hard or spring, or a mixed combination of the two. We understand that country wanted 50,000 tons of soft red, but it appears that the only condition under which they would be granted this class would be if they would agree to take it for shipment after June 30th so that only grain from the new crop would be involved. The reason for this is the growing shortage of red wheat, and it now appears as though the carryover of this variety will be only 9 to 10 million bu. Supposedly milling interests have complained to the Commodity Stabilization Service that such small stocks cannot be considered a sufficient reserve. The government agency claims it is, which is contrary to some officially stated opinions in the past. As recently as February 29th the Agricultural Marketing Service in their monthly "Wheat Situation" forecast a carryover of 17 million bu at the end of the crop year. We have discussed at various times the 6 million bu reserve supplies on July 1, 1958 and that a Department official stated that so small a supply was not adequate. It appears as though the Agricultural Department does not have complete control over exports except for P. L. 480 shipments. If the State Department is inclined to sell grain to foreign nations in exchange for their currency, they will do so, upsetting the best calculations of the Department of Agriculture. If this carryover figure becomes a reality, May wheat could stay firm relative to July, at least until the final disposition of the remaining supplies is certain. India is currently receiving offerings of hard wheat at the Gulf, and it is thought that they will probably take sizeable amounts based on their recent authorization of 200,000 tons. Other business including hard and white wheat is also being done.

Ground contiions are almost ideal over the entire wheat belt following spring thaws. There have been no serious complaints, and the usual dust-blowing threats that prevail during this time of the year seem to have been alleviated. Warm, clear weather in both Kansas and Oklahoma help the drying process, and fieldwork is beginning slowly. Wheat has started to green, and should do so rapidly with the advent of warm temperatures. Broomhall in his Foreign Crop Summary discusses optimistically conditions over most of Europe. Grains survived the winter in good shape and sub-soil moisture supplies appear generally satisfactory. Evidently Brazil's wheat crop outturn is not up to expectations, and will likely be much smaller than last year. This source again suggests that the Argentine corn crop will be well below last year's level, and as a result that country will be unable to compete very actively with the U.S. in the export market.

Offerings of hard wheat in our Southwest were of only moderate size, and the pace of redemptions has slackened. Today is the final day before warehouse loan defaults become effective, and it is thought there might be a substantial spurt of withdrawals before the deadline. At any rate, a close adjustment of free supplies should exist, but since new wheat normally moves in June and in some years as early as May from Texas, this would alleviate any threatened shortage.

Primary receipts of wheat amounted to 963,000 bu, which compares with practically the same amount last week, and is a little more than the same date a year ago. Kansas City and Minneapolis stocks increased a total of 219,000 bu so far this week. Mills are booking flour in smaller aggregate amounts than at any time in the past few months. It was reported during the session that a round lot of red wheat was sold out of an elevator in Toledo, but no destination of this grain can be ascertained. It is possible it will be used to fill former export sales. If so, this could replace wheat that might otherwise have come from Chicago stocks. May wheat in Chicago made a crop high early in the session, and the spread between that month and July was the widest at any time during the season at 24 3/4¢ -- a reaction followed. Though it is still impossible to have firm convictions as to the eventual price of this old crop month, it is interesting to note that this spread at the above mentioned difference is equal to the widest point May and July wheat traded last year. Of course, conditions were quite different then as we eventually had a carryover of 19 million bu, and local stocks were a good deal larger than now.

Other markets were also firm, including corn, which registered a new crop high for July. Soybeans were firm, influenced by meal, for which there was an improved cash demand. Rye remains very weak.

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CHICAGO 4 April 1, 1960

Economists in the Department of Agriculture have issued a comprehensive review of soybean statistics. Though many figures had been earlier forecast, they seem worth analyzing and commenting on again. Near record supplies will be available for the remainder of the crop year. From the time of harvest last October through February, the average price received by farmers was close to the $2.00 level, and it is expected that fairly stable values will continue through the spring months. Since CCC holdings will be large, including stocks they presently own and resealed beans, redemptions will either have to develop on a fair scale which is possible as prices are above the loan, or the government selling price of the loan plus 20¢ will be a definite market factor. In many cases the Federal agency is able to dispose of some of their holdings presently at this formula price, and though it may act as a lid, free supplies no doubt will be adequate to cover all needs between now and next fall's harvest. It is interesting to note that Department statisticians maintain the belief that crushings for the season will approximate the 400 million bu mark, almost as large as last year. Though the figure for March could be about 3 million bu larger than the number of beans crushed in February, it will compare with 36 million bu used for this purpose in the same month in 1959. In April last year 34 1/2 million bu were converted to products, in May 36.4, June 33.1, July 31.9, August 29.6 and in September 27.4 million beans were crushed. Only if the demand for oil the last half of the season is greater than the first half will it be likely that the estimated crush figure will be reached. It is officially thought that the demand for oil and meal during the last half of the marketing year will remain quite good, and the domestic disappearance of the former from last October to January was up nearly 3% from the preceding season.

Warehouse loan redemptions of wheat appear to have increased sharply on the final day before default, helped by a moderate bulge in prices. Exporters are still active, covering previously consummated sales, though most of the wheat involved is of the hard variety. It is now pretty well confirmed that yesterday's mentioned forecast of a 9 million bu carryover of red wheat will be realized. An increase in exports of flour as well as larger dollar sales, specifically to Morocco mostly accounted for the reduction from the 17 million bu calculation offered as recently as February 29th.

Parity prices continue to edge upward, and seem likely to increase the minimum support price already announced for wheat and corn. Though this will not be determined finally until the start of each new crop, it is thought that the wheat loan will figure $1.87 1/2 whereas the minimum had earlier been established at $1.77. About a 3/4¢ increase can be expected in the corn loan as the result of a 1¢ increase in parity. Since soybeans and oats are not classified as basic crops, they are not subject to parity advances after the issuing date.

During the month, ended March 15th, the farmers' price index rose 3%, - the highest level since last July, but is still 1 1/2% below a year ago. Most commodities joined in the advance, and our markets were strong again this morning. May wheat, though erratic, was higher during the session, and the trade expects about 600,000 to 700,000 bu reduction in Chicago stocks for the week, when figures are released Monday. New crop months were firm, influenced primarily by the rise in parity.

When the wheat visible is posted on Monday it will compare with a decrease of 2.9 million bu in 1959.

The five-day forecast indicates general moisture, in some instances heavy, over most of the Grain Belt. The Senta Fe Railroad Crop Report talks of mostly excellent growing conditions as far as wheat is concerned. Only a small amount of winter kill has been noted. They also emphasize delays in spring plantings, and these reports are so general that new-crop oats remain firm, and registered crop highs again this morning.

Corn was little influenced by other markets, but prices were not much changed from last night's close. Exporters made additional purchases but in - smaller volume. It is interesting to note that since October 1st overseas shipments of this grain are 101.5 million bu --the same as a year ago. Soybeans were higher, particularly the nearby, influenced mainly by better demand for the products. The first paragraph discussion was a factor in today's strength.

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CHICAGO, 4 April 4, 1960

The four principal export countries in the world are the U.S., Canada, Argentina, and Australia. On January 1st, grain supplies reached a combined record total of 260 million short tons in these lands. This includes wheat, rye, barley, oats and corn, though the first-mentioned cereal is the most important as it holds the key position in world trade. All but a fraction of the 4.5 billion bu of corn supplies were in the U.S., as Canada and Australia raised insignificant amounts, and only a small percentage of our stocks clear these shores. Our government has attempted by means of various programs to help reduce domestic reserves of wheat by channelling a larger number of bushels into foreign commerce, but this task is difficult without affecting economies of other surplus nations. Total wheat supplies in the four above-named countries at the start of the year were about equal to the amount on hand one year before. Of this 3,136 million bu, close to three-fifths of this grain, was stored in the U.S.

Feed grain clearances, via the U.S. increased in 1959-60 and it is forecast that 12 million tons of feed will be exported, 10% more than the previous season. Shipments of feed grains abroad have nearly doubled since 1956-57, partly because of efforts to reduce surplus supplies in our land, but also because a summer drought was experienced in Western Europe last year, which raised their requirements. Except for this abnormal circumstance, it would appear as though the annual rate of increase of U.S. feed grain exports is slowing as agricultural economies in other countries tend toward increased production, and, therefore, more self-sufficiency. As in the case of wheat, many other countries are becoming surplus producers of feeds, and, therefore, offer export supplies in competition with U.S. grain.

An article in The Southwestern Miller-discusses a new plan by India under which that country would like to establish a 5-million-ton food-grain buffer stock. 80% of this proposed reserve would be wheat and the purpose would be to lessen the danger of food shortages and would aid in stabilizing food prices. Storage space would have to be built but it is thought that problem might be met by the end of 1962, and the U.S. and Canada appear sympathetic.

Friday's 5-day forecast indicated generally large amounts of moisture for the entire grain belt. Very little materialized and it now appears as though only small amounts of rain are indicated towards the end of this week. This will aid in drying farmland, which had been soaked due to the recently received rains and the thawing snows. Though the threat of flooding is prevalent, and even a reality in some sections, it does not appear to be of consequence except in the form of local and isolated damage. Since many flooded areas have not been planted as yet, grain losses are expected to be quite small.

There is still concern shown over the condition of country roads and its effect on farm marketings. As a result terminal receipts are light and only 92 cars of corn arrived in Chicago this morning, which is light for a Monday. In some instances country bids for corn are over the loan and it would seem likely that the movement will expand when the elements permit. The same is also true of beans, particularly insofar as the government selling price is concerned. The CCC continues to offer small amounts from presently-owned stocks.

Chicago wheat stocks decreased 695,000 bu leaving not quite 4 million bu of this grain in Chicago. This decline was about in line with expectations as loadings last week were large against previously made export sales. May wheat continues erratic, but support appears on breaks as even though supplies might be adequate in this market eventually, this is not yet certain and puts shorts temporarily at least on the defensive.

Corn reacted somewhat though supplies of this grain decreased only slightly during the week. A decrease of 85,000 bu was reported in local oat supplies and 2 million bu remain. Though May oats respond poorly to continued wet weather, new crop months are affected and stay quite firm as there is still doubt as to how large the acreage will be. There is still 1.2 million bu of rye in Chicago elevators, and bean stocks decreased 257,000 bu leaving 9 million. Some shipments of this commodity are expected to Canada, but supplies remaining should be adequate for May delivery. Beans declined towards the end when it was rumored that Spain had postponed buying of soybean oil until a future date.

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CHICAGO, 4 April 5, 1960

Many self-appointed financial prognosticators might find the signs of the times difficult to interpret. Historically, precedents no longer seem adequate in forecasting economic cycles and new patterns evidently are being established. For example, the postwar boom is now behind us, yet it seems to linger and even expand. Not all segments of the economy are enjoying prosperity, nor is the current trend without correction. Many danger signs lurk, such as foreign competition resulting from cheaper production costs and the fact that the federal debt has been extended annually in order to broaden industry and keep funds in circulation. Unfortunately, this indebtedness eventually tends to restrict the flow of capital, as far as individuals are concerned, and their spending power is reduced.

Maybe we are in a period of adjustment now, but if anyone is pessimistic he has only to refer to recent figures brought to light at a National Chamber of Commerce Conference sponsored in Washington. Before the end of this century the construction industry expects to build the equivalent of an entirely new nation; in other words, every home, office building, store, and school will be more than duplicated. The cost of these vast projects will be somewhere near a trillion dollars, if such a figure can be imagined. This is even more impressive when these figures are projected for a single industry. It is naturally likely that the increase in population will force the demand for this building. Should this prediction be borne out, the economy would witness a steady growth, unlike the splurge of the past decade, yet all of this might be realized within the life of today's 40-year mortgage.

During the first two months of this year, cash receipts by farmers from marketings totaled $4.8 billion, nearly 7% less than at the same period in 1959. These are mainly the result of lower average prices, though aggregate marketings were down slightly. Wheat sales in particular declined in January and February 9%, and livestock receipts were about 5% below the year earlier. Hog prices have had a rise, especially during March, as the February slaughter was about 2% less than a year ago.

Weather has cleared over much of the grain belt though a few areas are still affected by floods. Should fields be able to dry sufficiently for the next week or so, spring planting might get underway on a full scale. Also, the movement of grain might resume in a more normal fashion, as farmers have indicated that some corn would be sold as soon as they can unload bins. It had been thought that heavy movement of corn from local stocks would begin via waterways when possible during the spring months. However, it might not be as large as last year when the St. Lawrence Seaway had recently opened. During the week free stocks of corn in Chicago increased slightly, and there are almost 10 1/2 million bu of this grain available in local supplies, which is quite a bit more than a year ago.

The reduction in wheat stocks last week came entirely from the free supplies as the CCC owns little of this grain in this market. Less than 4 million bu remain and further shipments are expected to cover previous export sales. May wheat was fractionally lower with a cautious attitude being displayed by most traders. The visible supply of wheat decreased 2.3 million bu during the week. Primary receipts amounted to 765,000 bu compared with 990,000 last week, and the same a year ago today. Kansas City and Minneapolis stocks increased a total of 186,000 bu during the week.

Soybeans were under pressure late in the session, but activity was comparatively slow. Spain bought 80,000 tons of soybean oil, but this business was confirmed late yesterday afternoon and many hedges evidently had been covered in anticipation. Consequently this market, as well as meal, reacted today. Soybean exports for the week ended April 1st amounted to 2 1/4 million bu which is practically the same as the amount cleared in the same week a year ago. This compares with 1.2 million bu shipped last week, but total clearances since October 1st are 13.3 million ahead of 1959.

The weekly government crop report discussed greening of wheat and the fact that this crop is making excellent growth throughout the entire territory. Moisture supplies are plentiful and there have been practically no alarms *sounded* from any sections which is most unusual for this time of the year. Oats were lower this morning as clearing weather will give farmers the opportunity to plant.

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CHICAGO, 4

April 6, 1960

There is now slightly less than 4 million bu of wheat in Chicago made up almost entirely of the red variety. Of these stocks, 2,081,000 is stored in deliverable position which indicates at least much of the balance is owned and will be used by mills. Additional shipments are expected from this market to cover earlier commitments, and it can be approximately calculated that total supplies available May 1st will beclose to 2 1/4 million bu. It is questionable whether tenders will be made on the May contract as requirements must be met from that date until the new crop is harvested in July. This, therefore, will not constitute much of a reserve, and although the country as a whole will carryover about 9 million bu of red wheat, it might well be scattered about in various locations.

We have collected information regarding the amount of corn that does not grade for loan eligibility in order to better analyze the problem of whether poor quality grain will have to be marketed during the coming months. Around the St. Louis area this cereal seems to be in better condition that almost any other point. Farther north through Illinois where the climate was the wettest last fall, moisture content appears higher. For the state as a whole, according to accumulated guesses 26 to 28% of corn loan applications to date are ineligible because the maximum moisture is higher than 18% for 8 foot cribs as required on April 1st. As of May 1st the maximum moisture allowable will be 16% and the average moisture content in the central part of the state is now running approximately 19 to 20%. The moisture content of corn in Iowa also averages around 18 1/2 to 20%. However, advices indicate that much of this grain should have little difficulty in drying with present weather conditions, and will mostly qualify for the support program. In Minnestoa the quality is comparatively poor which probably will keep larger amounts from becoming eligible.

The CCC selling formula tempered the recent price advance in soybeans. Though this government agency has disposed of much of their stock, they still own over 8 million bu and 13 million are resealed. Undoubtedly farmers will redeem some of this commodity as prices are generally above the loan. Thus enough free beans should be available at least until later in the season. A carryover of 40 million bu has been forecast and next year's cropcould be close to the record amount raised 2 years ago, assuming normal growing conditions exist. With all these factors prevailling, this market could sell at lower levels. In spite of the protein value of meal, this product competes with cheaper feeds. Foreign demand must prevail throughout the balance of the season in order to improve soybean oil values.

It might be that President Eisenhower will condescend to the pressure growing from farm areas and agree to new legislation in contrast to the unlimited planting theories held by Secretary Benson. It is possible that a wheat bill regulating the 1961 crop will be proposed by which price supports will be boosted to 80% of parity accompanied by a 20% reduction in the national acreage allotment. This bill would allow farmers tocollect federal aid in the form of payment-in-kind surplus grain, provided unplanted land remains idle.

The problem of oat planting is becoming serious as only 1% of Illinois reports seeding completed as of April 5th compared with 47% by this date last year, and the average of 58%. The northern half of the state, which normally accounts for about 90% of the acreage, has virtually no oats seeded to date. As fields are still muddy, prospects are poor, especially if additional moisture is received. The five-day forecast, however, is a little more encouraging.

Much of the activity centered in soybeans and the products. The latter were quite weak and this caused liquidation in beans. The nearby particularly was lower, and there was unwinding of spreads between May and new crop, which was firm. May wheat found support after an early decline, and traders are still cautious though statistics appear to be in favor of the longs at the moment. The Southwestern Miller claims that farm selling slowed overnight as the price was lower, but offerings continue on a large scale above the market. More bin wheat would be redeemed on moderate advances, but without this the grain will go into default in the next week or two. Primary receipts of wheat totaled 752,000 bu, 802,000 last week, and 572,000 a year ago. Stocks of this grain in Minneapolis and Kansas City increased 376,000 bu so far this week.

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April 7, 1960

More attention seems to be focused on the problem of grain accumulations. Officials appear concerned as they should be, and it is somewhat encouraging to note that they have their minds on legislation which, if approved, would tend to reduce production and at the same time pay farmers out of surplus stocks. A most unfortunate fact is that despite a large movement of reserve supplies during the past years, the stockpile grows and grows. From 1953 through the first half of 1960, 13.7 billion pounds of surplus food will have been dispensed both in the United States and overseas at a cost of $2.7 billion. Though a major portion of these goods has been dealt to foreign countries, over 5 billion pounds have been used within our shores in various ways. Part of this has been consumed through the School Lunch Program, and the balance has gone mostly to needy persons in institutions, or destitute families. Not even a small dent shows for this food-grain disposal as amounts have been more than replenished since no effective measure has been taken to curb additional accumulations. Some reserves would be worthwhile in case of emergency. Last year 307,000 pounds of USDA foods helped victims of floods, tornadoes and hurricanes; however, this constitutes an insignificant amount. Some people advocate stockpiling surpluses adjacent to mills in case of war, but there probably is no step which would effectively safeguard against such a threat. The problem is more basic, and at present the CCC has over $9 billion invested in price support programs including a $7 billion inventory at cost value. Realistic steps should be taken firstly to keep from enlarging upon present supplies, and secondly to dispose of amounts already owned in an orderly fashion.

Though there was no news of consequence overnight to affect grains, small export sales of red wheat have been consummated. A total of 3,000 tons was sold to the U. K. for June shipment, and some small lots for April and May. Though these do not amount to much, supplies will be small enough so that any additional disappearance will be noticed. No particular country selling of wheat occurred in the Southwest overnight, but the Kansas City market was lower yesterday, reflecting previous business and offerings above the current level are noticeable. Except for a few light rains in that part of the country, skies are clear elsewhere and field conditions are quickly improving. There seems to be a great deal of controversy whether or not corn will dry sufficiently while temperatures are moderate and spring winds are blowing, but receipts are momentarily light and this has lent support to that market.

Conditions in Europe are conducive to growth of winter wheat as well as the germination of recently planted spring grains. Moisture has been general in recent weeks and conditions appear to be quite good. The planting of spring crops has been completed in many areas which is in contrast to this country where less than normal has been accomplished. In Argentina the general rains have delayed the corn harvest, but improved the seed bed for small grains. In the Middle East droughty conditions prevail which threaten to sharply reduce crops unless rainfall occurs within the near future. As far as India is concerned the wheat crop appears to be turning out better than expected although some reduction from last year is indicated.

An additional 45,000 tons of hard wheat has been bought by India, and that country also bought 25,000 tons of white wheat. Some warehouse receipts of red wheat have been sold at a small premium over the Chicago May future for shipment from this market, and we hear it will replace a barge containing 40,000 bu which has been reported sunk in the Illinois River. The open interest in May is 25 3/4 million bu, so there undoubtedly will be fair fluctuations between now and its expiration.

Soybeans were easier earlier but recovered at the last as products were mixed. The government sold a small lot of this commodity in Illinois, which shows that prices are well above the loan. Though rye has difficulty in rallying, it is likely that new crop months could do better over a period of time. We will have small stocks at the start of the new season, and a better foreign demand is expected in the months ahead. In the meantime, this grain is more influenced by the May which hovers near the crop low.

Primary receipts of wheat amounted to 694,000 bu vs 963,000 bu last week and 714,000 bu a year ago today. Kansas City and Minneapolis stocks have increased 491,000 bu so far this week.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO 4

April 8, 1960

Even though 2 million fewer acres will be planted to feed grains this year, over-all amounts should be close to last year's production. At any rate, supplies undoubtedly will be more than ample in spite of oats where most of the reduction will occur. As stated in the March 1st intention report, farmers plan to grow a corn crop about equal to the one of 1959. Since soybean supplies next fall – could well be above the 600 million bu mark including reserves, total feeds including concentrates probably will be available in record amounts. This will include an all-time high feed grain carryover of 78 million tons. The prospect for corn at the start of the second season, since Benson's unlimited acreage program was initiated last year, is a supply of 6 billion bu. Assuming average growing conditions, the Department of Agriculture has forecast a 4 1/4 billion bu crop, which would be smaller than last year when conditions were very good.

In spite of a reduction in the oat acreage, last year's production of 1.1 billion bu might be equalled. This is based on the assumption that acreage intentions are realized. Since weather has cleared in most areas, the rate of planting might be hurried as farmers are way behind schedule except in the northern sections. It is questionable whether this bushel figure will be raised, but whatever the size of the crop, it will be in addition to a comparatively small carryover of 200 million bu. This, plus the lateness of seeding, could keep new crop months, especially the July, firm. Assuming an average growing season, a crop of around – 545 million bu of sorghums can be expected. This would be added to a record carryover of 575 million bu in prospect for next October 1st.

The above statistics appear in the April USDA Feed Situation report. In this issue departmental officials discuss the wet corn problem which has been an important topic recently. Weather right now is conducive to drying as humidity is low and fairly strong winds prevail. The greatest problem is in Iowa, Minnesota – and Nebraska. As we mentioned 2 days ago, sources in Iowa think that an improvement will appear to a great extent should skies remain clear for the next week or so. In Minnesota and Nebraska the corn condition is probably worse, and in some sections high humidity during the winter months helped increase the moisture content.

Processors continue to complain about the supposedly poor conversion ratio, and some claim that if meal prices fall below the $57.00 a ton level, they will be forced to close down again. Based on reports of feed usage, it is difficult to imagine that the government estimate of a 400 million bu crush will be realized. However, much of the meal disappearance is expected to be in the form of exports. Since October 1st clearances of meal totaled 374,000 tons vs 244,000 in the same period last year. According to Broomhall exports of grains since July 1st include 337 million bu of wheat vs 330 million by this date in 1959. Oat shipments amount to 32.6 million vs 22.2 million, and rye 4.1 vs 8 million during the same period. Since October 1st, 105.4 million bu of corn have been sold compared with 106.6 million by this time last year.

With the weakness displayed in the Kansas City market, loan redemptions have all but stopped though a price increase would no doubt bring further amounts of wheat from the government loan. Export flour sales have picked up slightly, but domestic demand has been slow recently. Another small amount of red wheat has been sold for overseas shipment in the form of 500 tons of flour booked by the Philippines.

Primary receipts of wheat amounted to a little over a million bu, which compares with 972,000 a week ago today and 859,000 in 1959. Corn receipts have been running less than those of a year ago by a wide margin, but fair amounts have evidently been booked for shipment as soon as conditions permit. When the wheat visible is posted Monday, it will compare with a decrease of 56,000 bu last year.

Market activity was limited mostly to local trade early. May wheat reacted after establishing a crop high early in the session. The market became quite weak when it was reported the CCC office in Dallas had some red wheat for sale. It is true that they have sold some and have additional amounts available, but the total is probably not much more than a few hundred thousand bushels. The market is sensitive to any news. Soybeans were a shade lower but trade was quiet. Corn also reacted.

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CHICAGO, 4 April 11, 1960

The world wheat supplies, taking into account the four principal export countries, showed large quantities on hand as of April 1st, but yet the quantity was 24 million less than a year earlier. Here in the U.S. we had 1.4 billion bu available for export or carryover, while Australia had 139 million bu, so that both of these countries had slightly more than last year. This was offset by a smaller quantity in Canada, where 611 million bu was available for the same positions, and Argentina had 98 million bu, which was a drop of 21% from the year earlier. On the face of it there is no shortage anywhere. Thisshould be particularly true of the U.S., where the full figure of supplies for export or reserve was 1,440 million bu on the first of the month after allowing for our domestic requirements of 617 million bu for the entire season, and exports of 350 million bu that had already been reported through end of March. The chances are that we shall end up with a somewhat bigger reserve than last year when we had a carryover of 1,279 million bu.

Ordinarily this would be a very heavy burden on the market, but it should be borne in mind that the non-committed inventory of CCC wheat supplies still totals 1,045.6 million bu, according to the last count, and the net amount of wheat under loan, after taking into consideration redemptions todate, amounted to 269.5 million bu. Thus if we add the quantities in these two categories there is 1,315 million bu of wheat either wholly owned by the government or still under loan, from which we can only deduct that there will have to be either more government selling before the end of the crop year or further redemptions on some of the purchase-agreement wheat in order to give us sufficient quantities for a free carryover and for domestic usage.

It is for these reasons that the old crop months in all of the contract markets are selling at a big premium over July. The situation in Chicago is particularly acute owing to the fact that the last sales of red wheat under P.L. 480 will probably reduce the local stock to very small proportions. Whether the remaining supplies of red wheat in Chicago will finally warrant a premium of 23 to 25¢ over the price of new crop futures remains to be seen. For the time being, however, shorts have and will probably continue to be on the defensive, while many hedgers have become apprehensive and have already placed some of their hedges into the more distant deliveries.

After the close of the market today there will be a government report and it is thought in some quarters that the prospective winter wheat crop will show a higher condition than was given by the government in their December report. A year ago they estimated winter wheat at 966 million bu, which was the fifth largest of record. The report will also give the corn stocks on farms, which last year were estimated at 1.8 billion bu, a record high for that date. Oat stocks on farms a year ago were estimated at 588 million bu, which was likewise a record high, but this year in comparison we look for a low figure. Farm stocks of soybeans that will be given today will compare with 125 million estimated in 1959, which was a record high for April. Sorghum grain stocks last season were estimated at 102 million bu or nearly four times the average stock for April 1st.

The main feature to the market was further liquidation in May wheat, which occurred late in the session. There evidently was evening of positions by traders, and a good deal of spreading has occurred between this month and new crop contracts. There may also have been some evening in anticipation of the government report. Soybeans were practically without feature, and price changes were small. A few export sales have been announced the past few days for this commodity. However, general support seems to be lacking, as little encouragement is derived from the products.

A new agreement has been signed with Pakistan totaling $88 million worth of surplus farm commodities, including 37 million bu of wheat or flour equivalent, which will make up the major portion of this authorization. Shipment will be over a two-year period, and other items will consist of cottonseed or soybean oil, and tobacco.

During the week Chicago wheat stocks declined 1/2 million bu, leaving a little less than 3 1/2 million bu here. Corn stocks declined 557,000 bu with 29 1/4 million bu remaining in local elevators. Oats and rye stocks were reduced also, and there are 8.6 million bu of beans following a decrease of 420,000 bu.

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CHICAGO, 4 April 12, 1960

The government estimate for winter wheat as of April 1st indicates a production of 977 million bu. Conditions generally have been described as quite good with few reports of damage during the growing season thus far. Last year's crop amounted to 923 million bu on approximately the same acreage as was planted for this year's harvest. Since a banner carryover of 1,350 million bu is indicated for next July 1st, supplies at the start of the season will be a record amount, including the spring wheat crop which will be gathered later in the summer. With this situation, the market is well below the support level, and a heavy loan tie-up is practically assured. Of the six states that produce mainly soft red wheat, prospects are for a production of 216.5 million bu, which would be 21 1/2 million more than was raised in these same states in 1959. Of course, some other classes of this cereal are grown in these areas, and small amounts of red wheat are produced in other states.

Figures showing the stocks of grain on farms as of the first of the month were also issued. A large corn disappearance had been indicated because this grain generally was of high moisture content, and thus discounted pricewise. As a cheap feed, it has been utilized often at the expense of other feeds, and a reduction of 1 billion bu in farm supplies occurred between January 1st and April 1st. Presently 2.1 billion bu remain on farms which compares with 1.8 billion a year ago. However, it must be realized that the number of bushels harvested last October was more than 500 million bu larger than the previous crop. Also terminal supplies are in some cases greater than a year ago.

We knew that soybean supplies January 1st were an all-time high yet it was somewhat surprising that farm stocks at the start of this month totalled 143 million bu compared with 126 million on this date last year. There are some who believe the crop was underestimated, but whether it was or not, prices are above the loan and in many cases within range of the CCC selling formula. It is difficult therefore to expect much improvement in values at present, and if country offerings enlarge, pressure could be felt and prices might decline even further. At any rate, there is little likelihood of a shortage of free supplies at least until the very end of the season.

The amount of wheat left on farms was reduced to 206 million bu which, though a cut of 77 million from last year, is not too surprising as 333 million fewer bushels were raised. Oat stocks are estimated at 427 million bu, down considerably from April 1, 1959, but comprise a slightly larger total than was expected. It remains to be seen whether further reductions in plantings occur in comparison with March 1st intentions, and it is very likely that this will be the case as farmers are well behind schedule entering fields due to muddy conditions. Consequently, new crop months of this cereal could continue to enjoy support.

Primary receipts of wheat amounted to 817,000 bu which compared with 765,000 bu last week and 979,000 bu last year, Kansas City and Minneapolis stocks so far this week show a total increase of 247,000 bu.

The wheat market was affected onthe one hand by the government report showing a large prospective crop, and on the other by strength in May wheat and some covering of hedges against business to India. We have felt right along that even though this may be about the fifth largest winter wheat crop of record, the price is sufficiently far enough under the loan to make the short side unattractive, and accordingly feel that purchases of new crop futures can be made on setbacks. May wheat, which recently was liquidated had a much better undertone, as a result of the fact that free stocks continue to decline and there is less than 3 1/2 million bu left in Chicago. Beans were weak early but showed some recovery. If drying conditions continue in the country, farmers may be expected to work day and night trying to get their oats in the ground so that there willbe time later on for other crops, primarily corn, soybeans and sorghums. The government weekly report spoke favorably about the development of the wheat plant. Corn was influenced by heavy disappearance and there was both investment buying and short covering. We were informed that a supplement to the present tariff covering rail billing on rye from the Northwest will permit cheaper trans-shipment fromChicago to the distilling areas. These rye rate reductions had been issued to meet water competition, and had a very stimulating effect onthe market. There was also a report of some rye being shipped from Fort William to Chicago.

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CHICAGO, 4

April 13, 1960

When statisticians and grain men discuss the wheat situation, they take into account mostly the four large exporting countries: namely, the U. S., Canada, Argentina, and Australia. Very little mention is made of Russia although at the beginning of this century her wheat exports vied with ours, while in some years the predominant trade was on her side, while at other times we were leaders in the field. In the early 1900's, when world wheat shipments averaged only 400 to 600 million bu annually, about 50% of the trade cleared through U.S ports, and at that time Canada, Australia, and Argentina were relatively unimportant. Over the years, the picture changed and larger wheat crops in Southern Hemisphere, together with the virgin soil in Canada and expansion of acreage, created an entirely new combination in the way of surplus wheat products.

As matters now stand, there is more than enough to take care of importers' requirements without the re-entry of Russia into the field. That country, however, asks very few questions and apparently is attempting to regain at least part of her agricultural supremacy, some of which will be needed to take care of a vastly growing population in an effort to make her not merely self-sufficient, but also, to look after the needs of her satellites. It is interesting to note that since 1954, Russia has added about 90 million acres to her wheat lands, stretching from Stalingrad on the lower Volga for about 1,200 miles to the borders of the Mongolian Republic in Central Asia. It is, of course, difficult to get very accurate information through Russian sources, but there have been more agricultural experts traveling that country recently than heretofore, and it seems pretty well established that Russia could surpass the rest of the world, and even us, as a producer of wheat. In fact, if the figures circulated in some quarters are correct, this has already happened.

The prewar average crop in that country was about 1.4 billion bu;by 1956 it had risen to 2 billion bu, and according to one authority it had risen in 1958 to 2.3 billion bu. If there is any semblance of truth to reports of this kind, Russia is not only the largest wheat producing country in the world, but must be growing about one-quarter of the world's total output-- actually about equal to the combined production of the U.S., Canada, Argentina, and Australia. It is thought that about one-third of the world's wheat acreage lies in the Soviet Union. Of course, they do not get the large yields that we do in the U.S. or that Canada obtains, but with added fertilizer there could be improvement. As we have previously pointed out, the main reason for the difference between this Continent and Russia is that the latter has a much shorter growing season, and likewise there are often deficiencies in soil moisture. Russia is already the world's third largest wheat exporter, and during the last two seasons her shipments averaged some 5 1/2 million tons, but most of this, quite naturally, went to satellite countries on her border and never reached the outside world in substantial quantity.

Primary receipts of wheat amounted to 727,000 bu which compared with 752,000 bu last week and 633,000 bu last year. Kansas City and Minneapolis wheat stocks show a total increase of 364,000 bu.

The wheat market was not overly active, but there was some selling of May against purchases of July, and we heard that an advisory service was recommending this spread. It is difficult for us to have a very deep conviction, as contract stocks in Chicago have declined to 1.6 million bu, and the balance will be a rather delicate one this year, as further inroads are made on our stocks. Rye was firm at times, and there were advices from Poland presumably from an agricultural official stating that there was some concern because of persistent dryness and inadequate use of fertilizers. It was thought that rye and other crops would be affected by this situation, which extended into Russia. We were unable to get trade confirmation, but rye does not seem high based on Canadian prices, and we feel that purchases can be made on setbacks. Corn was firm during most of the session. There was no particular news although some further rains are expected in Illinois and Iowa, with seeding of oats already three weeks later than normal. This had a slightly bullish impact on the oat market. Beans were inclined toward weakness. There was no special news but the trade is still impressed with the large holdings on part of farmers, and the outlook for the next crop is good insofar as moisture conditions are concerned. July wheat finally yielded ground in sympathy with lower prices for the May future. Export trade was dull except for scattered business, and milling demand has also turned slow.

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CHICAGO, 4 April 14, 1960

In general the cash price of soybeans is well above the support level. In both Illinois and Indiana, values are close to the CCC selling formula, which means that a fair amount of redemptions might occur, and finally, the number of beans taken over by the government agency could be considerably less than the 53 million bu figure issued in the recent impounding statistics. Crushings have been less than a year ago due to a smaller margin in the products, though many guesses are that the March crush might be around 34 to 35 million bu, not far from the 36 million bu converted to meal and oil in the same month in 1959. Exports since October 1st are 13 1/4 million bu ahead of the previous season and at best it is thought that this rate might be maintained throughout the balance of the season, but not increased.- Since beans have had a break from recent highs, some rallies might occur. However, the very large open interest is an important factor, and with adequate free stocks in this market, a continuation of the decline is possible during the weeks ahead.

Though farmers are attempting to plant oats wherever possible, weather conditions still prevent full-scale operations, and as a matter of fact, moisture has been received in quite a few areas overnight, and some additional amounts are forecast for the week-end. The Quaker Oats Company in their crop summary issued today stated that oats might be planted in the large northern producing sections as late as May 1st, but it must be remembered that farmers have already bought their seed for spring crops and are not likely to change their minds at this late date, as diversion to corn and beans had in some cases already been planned. Especially in the case of the latter, this crop could be substantially increased over last year.

The moisture currently being received might further deter movement of corn and as receipts have been light, the cash basis has firmed, causing a better demand for Chicago futures. A University of Illinois economist says, however, that prices for this cereal are near the loan level at many Illinois points, and close to the support in areas west of the Mississippi River. If a further free market rise should occur, farmers will be in position to market their grain rather than impound it. This same source also states that CCC selling of corn has been small and from October 1st through March 27th amounted to only 52 million bu compared with 110 million during the same period a year ago. We heard of some increased amounts of binsite corn available for sale at Illinois points this morning.

The movement of wheat from Chicago has tapered from the heavy rate of recent weeks, and it is still anybody's guess as to the final outcome of the May contract. The open interest is quite large and though the deliverable stocks are only slightly over 1 1/2 million bu, it remains to be seen whether they will be wanted at the present large premium. Of course, the mills have pretty much provided for themselves. Secretary Benson has stated that wheat and flour exports for this season will amount to 475 to 480 million bu, which is a sizeable increase over earlier forecasts. This would include large amounts of wheat sold recently to India, Poland and other countries under P.L. 480 authorizations.

Primary receipts of wheat totaled 807,000 bu compared with 694,000 last week, and 803,000 a year ago today. Kansas City and Minneapolis stocks increased 409,000 bu so far this week. When the visible is posted on Monday, it will compare with a decrease of 2,364,000 in 1959.

Activity was limited during the session as some evening occurred before the 3-day weekend. Some backspreading was noticeable, particularly in corn and beans. In both instances, the nearbys were influenced by short covering while the deferred lost ground. This appeared to be profit taking in beans as a reverse trend has been witnessed the past week or so. New crop oats also lost on the May, and despite the news regarding planting delays, it must be remembered that this grain is selling 6 to 7¢ higher than last year.

Rye was probably higher yesterday on reports of drought in Poland and other sections of Eastern Europe. Though there has been no further confirmation of this, Broomhall discussed conditions in Western European countries and though winter crops are generally satisfactory, many areas will be in need of moisture soon. In Italy and Germany for example, some concern has been shown. If exports of rye during the coming season are larger than this year, which is likely, that market could show an improvement, particularly as a percentage of the Canadian import quota already will have been filled.

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CHICAGO, 4

April 18, 1960

It has been known for some time that the movement from farm to city has been on the increase, and in most cases these moves are to a nearby rather than to a distant part of the country. About half the farmers in changing their profession did not even move across a county line. The availability of non-agricultural jobs has in many cases tempted those who are not doing particularly well in their own vocations and who thought they could do better in a rural community, by taking a job in some industrial center. In many instances, it should be noted that the definition of a farm and of an agricultural worker is not completely in accord with what most people have in mind. Under the Census of Agriculture definition, a farm is defined as "any place of 3 acres or more on which a minimum of $150 worth of agricultural products are produced during a preceding year, excluding home garden produce." In any event there has been a shift of population and when the next report is issued changes will show up in larger measure even if there is no more influx into cities. We say this because the figures of 1960 and succeeding years will not be comparable with earlier years because under a new definition of what a farm actually is, it will be categorized as " a place of 10 or more acres from which at least $50 worth of agricultural products were sold in the reporting year, or a place of less than 10 acres, from which at least $250 worth of agricultural products were sold." Under this new definition there will be a lowering both in the number of farms and the farm population, and we mention it so that when subsequent figures are published, our readers will understand that this change has taken place. Insofar as larger farms are concerned, they will, of course, not be affected.

We stated in one of our market letters last week that the U.S. wheat and flour shipments would probably surpass those of last year by quite a margin. Preliminary estimates indicate that shipments during March, including wheat and flour, were about 56 million bu. They were the largest for any single month with the exception of April, 1951 when they totaled 59 million bu. Approximately 37 1/2% of the large exports or 21 million bu went to India under P.L. 480. India has become one of the largest takers of our wheat but we have also increased in recent months the shipments to Brazil and Egypt. These gains more than offset sizeable declines that normally go to Europe and some Asiatic countries, although exports to Pakistan were almost double those of a year earlier. Brazil has just authorized imports of about 75 million bu wheat free of duty during the calendar year 1960, according to the Diario Official. These imports can be made only by the Foreign Trade Department of the Bank of Brazil or by other agencies appointed by the government. In view of the continued high level of exports and the fact that new crop wheat futures in Chicago are selling below the loan, we feel that market declines will not extend far, and we accordingly suggest purchases on minor setbacks.

There were advices this morning in Broomhall's gossip that most of Europe was experiencing favorable weather conditions during the past week, and that beneficial rains were reported in a number of countries,including Western Germany, where dryness had been causing some concern. On the other hand, very pessimistic comment was received on the crop situation in Poland and reports that we had last week were confirmed that there had been a persistent drought,also that inadequate use of fertilizers might result in a possible disaster this year. Reports on the important Ukraine in the Soviet Union have also been unfavorable. A cold, dry spring thus far and an extremely dry autumn, coupled with subsoil moisture deficiencies, indicate that winter grains there are in poor condition.

Chicago wheat stocks during the week declined 269,000 bu, leaving 3.2 million bu here. May wheat was quite indifferent during the early part of the session, but finally firmed; in fact, all wheat futures were higher, although trade was extremely light. Bakery and family flour business over the long holiday was slow, to say the least. We had a good deal of rain over the extended weekend, and oats were firm due to further delays in planting; however, the prospect is for better weather and sunny skies. The hatchery report was construed a little bearish on soybeans, meal prices were lower, and beans were a little reactionary, but that market, too,gave very little evidence of a real interest. Corn prices were steady. The country is still not selling much, and undoubtedly weather conditions continue to have an important bearing on the movement.

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CHICAGO, 4

April 19, 1960

Winter wheat is progressing with practically no reports of damage. Prospects are bright, and some private sources think eventual production could finally exceed 1 billion bu. We will add to our total carryover supplies next July 1st, and almost certainly enlarge upon reserves the following year. Though exports during the current season will be comparatively large, it still is true that production of this grain in Western Europe has expanded and a trend towards self-sufficiency is widely evidenced. Despite reports of poor conditions in Poland and Russia's surplus producing Ukraine, brighter prospects exist elsewhere, and could at least partly offset these possible crop failures.

World production of wheat is increasing annually, and we have pointed out frequently the trend in this country has been toward reduced consumption. If Americans were toconsume flour at a rate equal to the prewar scale, about 165 million bu more wheat would be utilized annually. Instead of a yearly usage of 165 lbs of flour as in the 1935-39 period, the average individual now eats less than 120 lbs per annum. There has been a swing from bread to meats, dairy products, and other high protein foods. Correspondingly, the same tendency is true for Canada to a lesser degree. Even in Western Europe figures substantiate a similar pattern as economic progress has allowed citizens of other nations to be more selective in their food choice. Whether increased production or decreased consumption or a combination of the two has caused price declines is a moot question. Wheat growers faced with these problems have been forced to step up output in an attempt to stabilize income. Population growth certainly offers no immediate solution, so eventually it seems evident that more realistic programming regarding the production of this important cereal will undoubtedly occur,

Weather has improved generally, and skies are clear over most of the Midwest, which will be necessary for the next few days in order for fields to dry sufficiently for farmers to enter and resume spring work. A private source says Northwest ground conditions are excellent for this time of the year. A fair percentage of the spring wheat crop is planted in North Dakota, and in the remaining areas of the Dakotas and Minnesota planting is expected to get underway soon. In addition to 100,000 bu of rye that was reported cleared from Canada for South Chicago, it is thought that an additional 260,000 bu is headed for this market. This is in accordance with import quotas established between that country and the U. S.

Some time this week the March crush figure is expected to be released, and it is thought by many in the trade that last year's figure of 36 million bu for the corresponding month will be closely approximated. In the meantime soybeans are under pressure as the products have declined. A report discussing curtailment of both chicken and egg production issued over the week-end has been construed bearish, insofar as feed grains are concerned, as any cutback in animal production will lessen the demand for feeds.

Wheat prices improved, particularly the old crop contract. However, there was little evidence of commercial interest. No export business was reported overnight, and mill demand at the moment is quiet. It appears as though little improvement is imminent, as mills have fairly heavy backlogs. During the week free stocks of wheat in Chicago declined 269,000 bu, leaving a total of 3.2 million bu; of this amount only 1 1/2 million bu is in deliverable position.

Free supplies of corn in local elevators decreased 602,000 bu, leaving a total of almost 9.4 million bu. With clearing weather, country sales seem to be picking up, and evidently some line elevators made purchases overnight as hedges were placed in the pit during the session. As a result the May future was weak, while the deferred months were better supported. This is the reverse of the recent trend.

The visible supply of wheat decreased 998,000 bu last week. The corn visible also decreased 1/2 million bu, which compares with a sizable increase on this date in 1959.

Otherwise activity was limited. Soybeans were a shade lower early, but recovered toward the close. Meal firmed as processors withdrew offerings. Rye was mixed with the nearby losing ground, no doubt as a result of shipments to this market. There is still a fair amount of oats which might be available for May delivery, and this month could be under pressure.

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CHICAGO, 4

April 20, 1960

The corn crop last fall yielded nearly 4.4 billion bu, which was a record for all time. On that basis, and even allowing for heavier consumption, the government estimated that the carryover reserve next October would be about 2 billion bu, or 400 million above the figure reached a year earlier. This may prove to be a little high because with the large amount of high moisture corn in the Middle West and a somewhat long and severe winter, it brought relatively heavy livestock feeding into play, and thus increased the total disappearance of corn. According to some of the officials in the Department of Agriculture, the production in 1960 could total about 4.2 billion bu if farmers follow through on their intended acreage of plantings and if yields are normal. This together with the carryover reserve would give us a total supply of 6 billion bu, which would be a record for all time. Under these circumstances it is a little difficult to get very bullish on corn unless there would be artificial factors, such as unusually heavy impoundings, and on that score we shall gradually be enlightened, bearing in mind, of course, that farmers have until end of May to put corn under loan.

As somewhat of an offset the carryover of oats and barley is expected to be lower than last year. Furthermore, the production of oats will likely be as low as last year's reduced level owing to weather conditions, which have been adverse, so that actually plantings to-date have been curtailed. Not only do farmers plan to sow fewer oats, but also, cold, wet weather and a late spring has reduced our potential, particularly if we should get some hot weather in July, which could bring about some adversities to the final crop yield. In any case the supplies of feed grains in the coming season could easily be a record high, if the 1960 growing season is average or above. From the present outlook, it appears that the carryover of all feed grains on October 1st will be about 10 million tons above the record carryover of 68 million last fall. Assuming normal yields for feed grains and the average of the March 1st intentions to plant, total feed grain production this coming year would be around 162 million tons, which would be only 2% below the record output last year.

Before our market opened this morning, we had weather reports and forecasts, bothof which were quite optimistic in character. Clearing conditions have spread over the corn and bean belts, and we shall probably have considerable sunshine over those areas, although there is a chance of brief showers tonight in Illinois, Indiana, Iowa, Minnesota and Missouri. There might also be some scattered showers in the Southwest, where winter wheat is making good progress and field activity is apparently progressing at top speed, with farmers endeavoring to catch up on a multitude of field tasks which heretofore had been postponed by cold, wet weather over many areas. In Iowa there was a good deal of progress throughout most of the state during the past week, although in some districts field work was limited owing to continued wet soil conditions. Approximately 35% of the Iowa oat acreage was sown by last Monday, while generally at this date it is about 75% completed.

Soybean exports for the week ending April 15th were a little over 2 million bu vs. 1.6 million the week before and 1.7 million a year ago. The cumulative total for the season is still about 13 1/2 million larger than in 1959.

Primary receipts of wheat were small at 644,000 bu, which compared with 727,000 bu last week and 668,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 120,000 bu.

Markets were extremely inactive and there was no real volume anywhere. May wheat opened higher and gained ground, but with the open interest still in excess of 25 million bu, even with the small stocks here in Chicago, nobody can be entirely sure how the liquidation will proceed. There will, of course, be times when longs will take the initiative, particularly at this big premium over new crop. With the winter wheat planting making vigorous growth in practically all areas, there was no urge to buy the deferred futures, and about the only bullish factor is the price in relation to the loan. Corn did very little, and the market moved within a narrow range. Early firmness in beans was short-lived, and with the reversal in meal, lower prices brought some selling into May beans, which affected later deliveries even to a more marked extent. There may be a figure this afternoon on redemptions, which would have a bearing on the bean market tomorrow. Rye was weak and this was mostly a reflection of lower prices at Winnipeg, Oats were firm, but trade was slow, and most of the buying is the result of slow progress in planting.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 21, 1960

Though the amount of corn impounded during the monthof March was less than in February, the over-all figure of 443 million bu so far this season is impressive. Reports have been to the effect that the moisture content of this cereal was comparatively high, and it was thought that much of this grain would not be eligible as grade requirements might not meet standards. Evidently the cool, dry, windy weather the past month has aided the drying process. Even though this past crop exceeded the previous year's record production by over 500 million bu, impoundings as of March 31st are only 110 million bu in excess of last year while at the same time feeding has been at a more rapid pace than in 1959 as indicated in the farm stocks' report. Country road conditions have also prevented a large movement of corn, but some sales have evidently been made for shipment as soon as conditions permit. It is, therefore, difficult to visualize sustained strength in our market as country prices are close to the support level, and reserve supplies next October 1st will be at an all-time high. In the meantime shipments are scheduled from local stocks, but it remains to be seen whether large enough inroads will be made on the 9.4 million bu free local supplies to further narrow the May-July spread difference.

Of the 317 million bu of wheat entered in the loan program through March, redemptions have increased to 86.1 million bu vs 47.8 million as of February 29th. This is not too surprising as wheat prices in the Southwest in many cases have been close to the gross loan level. This situation is having little effect on Chicago as our market is a singular problem as red wheat stocks are small and further barge loadings have been reported the past few days. Supplies will be low by the end of the crop year, and since a carryover of 9 million bu is estimated by Agriculture Deparment officials, it is not expected that there will be any concentrated holdings of this class wheat. Though the May contract may continue in an erratic pattern, statistics place shorts on the defensive.

Somewhat surprising is the fact that soybean redemptions were only 3 1/2 million bu this past month. Prices are well above the loan and farmers have until the end of May before deciding whether to forfeit their loans. It seems likely that this will be their choice in many instances, which dould tend to further depress prices. The large open interest in May beans is also important as we approach delivery date.

Oat redemptions amounted to 4.4 million bu, and as was reported last week farm stocks are estimated at 427 million bu. This is 27% less than a year ago and also below average, and as prospects are for another small crop, new crop months could be well supported. There were further rains over the corn belt the past 24 hours though they were scattered and varied considerably in amounts.

Broomhall again surveyed crops in Europe and substantiates that conditions for winter and spring grains are generally satisfactory though moisture would be welcome in some sections. Less concern is shown for Poland and Soviet Ukraine in comparison with this source's most recent pessimistic report though dryness still remains a problem.

Some buying appeared in corn on the basis of the relatively large increase in impoundings, but trade was quite slow. Prices for feed ingredients dropped an average of $2.00 per ton basis Chicago this past week, partly because farmers turned attention toward field work which lessened the demand for mixed feed ingredients. Also a factor is wet corn which has been used in large quantity, thus lessening the utilization of other feeds. Meal prices were again lower, and as oil has been unable to maintain rallies, soybeans have declined recently. The nearby sold within 1/8¢ of the crop low before some short covering occurred, and there seems to be a general discouragement.

The support rates have been announced for 1960 crop oats, and are 50¢ per bu on a national average. It is believed that an elevator interest purchased some warehouse receipts of this grain in store locally at better than delivery basis.

A keen interest is apparently developing for export wheat though no sales of consequence were announced. May wheat was firm again, and new crop months are little influenced. Primary receipts of this grain amounted to 867,000 bu, in line with last week and a little larger than a year ago. Kansas City and Minneapolis stocks increased 156,000 bu.

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CHICAGO, 4 April 22, 1960

The American Institute for Economic Research makes the following statement with respect to our present farm policy: "The United States Government, through thousands of its agents in county seats, buys much of the Nation's grain. It lets farmers know how many acres they may plant, with inspectors checking in the field to make sure there is no overplanting. It insures crops. It stores crops. It irrigates crops. It sells crops. It exports crops. It gives away crops-- for example, through foreign aid and the school-lunch program. It plants and finances soil conservation. While fretting over surpluses, it researches for greater corn yields, and it annually adds vast new acreage of farmland through its land-reclamation program. It lends money, at subsidized rates, to farmers for equipment, electrification, livestock, planting, seed, fertilizer, and harvesting. It restricts domestic competition. It exempts co-operatives from corporate income taxes and the anti-trust law. On certain commodities-fluid milk, for example- it directly sets minimum prices. Through price supports it indirectly sets prices on all other so-called 'basic' crops. The farmer is no longer a free agent." In the words of William Ellery Channing: "The office of government is not to confer happiness, but to give men opportunity to work out happiness for themselves."

Overnight weather was very satisfactory; but according to the 5-day forecast, there is apt to be a fair amount of moisture over the corn belt with rains ranging from 3/4 to 1 inch starting Saturday or Sunday, but with the higher temperatures and the speed with which farmers can get machinery back into the fields, we do not regard this as a serious factor. Actually, it must be good for corn and beans just before planting time. May wheat opened very firm, probably on a report that the U.S. wheat exports in the week ending April 15th were more than 7 million bu under the government's payment-in-kind program. This was double the amount shipped a year earlier. Further allocations were granted to Pakistan to buy up to $12 million worth of wheat and wheat flour under P. L. 480, with shipments to be made between April 28th and September 30th. These allocations are being granted almost as freely as the samples of drugs that are sent to physicians by various pharmacists. It adds up, however, to the possibility of another large export year in wheat following the present heavy shipment season, where about 475 to 480 million bu wheat and flour will clear.

As for the progress of crops we could hardly hope for better growing conditions. In the Quaker Oats report this morning, it was stated that,generally, all areas of the winter wheat belt have a splendid condition and that the plant is making rapid advancement. A few thin stands are more than offset by the over-all prospects. As for oats excellent progress in planting was made in a few areas,and across central and southern Illinois, Indiana, and Ohio, the crop is in the ground but only 10 to 15% is accomplished in the northern areas. There has been a lag in the neighborhood of two weeks behind normal in various districts, but oats seem to be far ahead of the very late year of 1951, when on May 4th the government reported only 12% of the crop planted across northern Iowa, southern Minnesota, and eastern South Dakota. This authority claims that in 1951 yields were considerably higher than in the years 1950-52, when plantings were made at a normal time.They believe that weather conditions this year in late June and during the month of July will be the determining factor.

Primary receipts of wheat were 722,000 bu; it was a holiday last week while a year ago they amounted to 650,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 198,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of slightly over 2 million bu.

Markets were extremely inactive and there was no feature in any of the pits. Beans were a little lower early in the session, but with a recovery in meal, the market rallied a little but made no real progress on the upside. Demand for bakery flour was slack, and we heard of no important export orders but, as stated earlier, there are several possibilities and we expect new business to be uncovered right along. Meanwhile new crop wheat futures are almost static, and are of course influenced by the fine crop outlook. Corn was very firm and there is definitely no pressure on this market. The trade will watch with interest the reduction in Chicago stocks when they are published on Monday. Meanwhile offerings from the country are next to nothing. There was again some covering of May wheat.

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CHICAGO, 4 April 25,1960

In almost every publication that comes out of Washington from an official source in the Agriculture Department, they have a paragraph or more on the wheat problem in which it is rather emphatically stated that we are facing a crisis. It is now expected that carryover stocks will reach an all-time high of about 1. 3 billion bu on July 1, 1960. Thus they conclude that if we did not raise a bushel of wheat next summer, we would still have enough wheat to meet all current domestic needs and probable exports, and still have a carryover of about 250 million bu in 1961. However, the picture is far different, as a relatively large crop is already forecast for 1960, and prospects are that we will undoubtedly add substantially to our stocks by July 1, 1961. Under the program that was enacted in 1954, generally referred to as Public Law 480, an act to dispose of surpluses, we have been shipping large quantities abroad, and since 1955 more than 1. 4 billion bu of wheat was exported. Thus it can be seen that in spite of these tremendous shipments, surpluses have and continue to accumulate, which in itself is evidence that there is something wrong with the system, and we are pretty well convinced in our own minds that even with reduced acreage, farmers are getting sufficient encouragement from the government, so that with reasonable weather fantastic yields are obtained from greater intensive cultivation, etc.

On many occasions we have recommended the Domestic Parity Plan. The Administration, and Secretary Benson in particular, have been against it because they dislike subsidies. On the other hand, there should be some consistency in the thinking on part of official administrators. Assistant Secretary of Agriculture, Marvin L, McLain made this statement on April 20: "Every bushel of wheat exported is subsidized. The average per bushel export subsidy has been as follows:

1954-55	75 cents	1957-58	74 cents
1955-56	72. 5 cents	1958-59	56. 5 cents
1956-57	79 cents	1959-60	55-60 cents (est.)"

In other words, the Department dislikes a direct subsidy to the producer, but at the same time holds prices artificially high so that shipments can only be made through the payment of an export subsidy. We can only repeat that the present program is ineffective, uneconomic, and that a change is needed soon. Twenty years ago, when the Agricultural Act of 1938, (as amended) set a minimum national acreage allotment of 55 million acres, yields were less than 13 bu per planted acre. In the 1950's average yields have been nearly 18 bu, while in 1958 we had a record return when the yield was 27 bu per acre. Even the average for the last four years was 22. 6 bu all of which attests to the fact that with such changed conditions in production the old law is no longer workable. If farmers were not paid the full amount on that portionof the grain that was exported, we feel certain that we would get fast relief and that the yearly increases in stock accumulations would no longer become a burden.

Before our market opened this morning there was not too much to guide it. Weather had been warm, with unseasonal temperatures over most areas of the country, all of which enabled farmers to get back into the fields. A sudden reversal with temperature drops suggests that we shall have readings from 3 to 5 degrees below normal during the next five days, with some rain, but this is generally healthy weather for wheat, and a cool May brings better results to the wheat crop than if we had intense heat.

Chicago wheat stocks declined 453, 000 bu during the week leaving 2 3/4 million bu here. In spite of this May wheat was rather weak and there was some talk that a few barges might be coming up fromSt. Louis, but the report was vague and there is no certainty as to whether it will be hard or red wheat, nor do we know whether such wheat might stay here. Rye was reactionary, and there is still talk of the drought in Poland and adjacent areas, but it was also reported that Germany was trying to sell 2 1/2 cargoes of rye for export which may have been a factor. The crushing report showed somewhat smaller grindings than had been anticipated. There was liquidation and prices were lower. May beans sold at a season's low. New crop wheat futures did very little, but there was no urgency to buy, while bakery flour sales were almost at a minimum over the weekend and new export business seems to be developing slowly. Meal prices declined. The census report showedsmaller stocks than last year, but more oil.

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CHICAGO, 4 April 26, 1960

Stocks of soybeans in all positions on April 1st totaled 310 million bu. This figure was exceeded only by the 324 million available on the same date one year ago. Supplies at the start of each season were approximately the same. The difference between now and then is most easily accountable by the additional exports in the current season. On the basis of Department of Agriculture advices, utilization the balance of the crop year will be nearly equal to that in 1959, so that it is possible to project a carryover figure of about 48 million bu. Officials have estimated that total crushings will be about in line with last season's 400 million bu though at the present time we are running about 4 million bu behind last year's schedule. Also, important is the fact that the conversion ratio has been so poor that processors generally complain about their inability to make money. Almost all have closed at one time or another, and threats of further shutdowns are currently being expressed. It is unlikely that crushings would be at a greater rate than last season during the balance of the present crop year, and with country bean prices still well above the support level, supplies should be readily available. In the meantime deliveries will influence our market as there is still a large open interest in the May contract. The American Soybean Association says that first plantings of this commodity are not quite as early as in 1959, with the only acreage planted to-date in northeast Arkansas and parts of Mississippi, as well as a few scattered points to the north. Though a few showers were received in the corn belt overnight, weather has been good, and the forecast is optimistic, so that field work might catch up assuming skies remain clear.

Feeding of corn has been on a heavier scale as represented by the large disappearance. Stocks of this grain on the first of the month were 413 million bu more than a year ago against 608 million bu more in the over-all supply at the start of the season. Reports from the country indicate an expanded movement of this cereal though much of the corn receipts apply against previously made sales that were delayed because of poor road conditions. Primary receipts have improved somewhat though there is disappointment by traders who expected a large movement of wet corn which has not developed. Weather has been conducive for drying.

Though the number of oats stored in all positions April 1st totaled about one-fourth less than the record holdings a year ago, smaller amounts were used during the first 9 months of this season than the year before. The carryover in July could be under 200 million bu compared with 369 million a year ago, so this grain could have continued support.

Rye stocks indicate a carryover of about 8 million bu, which will be mostly in free supply vs. almost 10 million bu in last year's reserve, a good percentage of which was controlled by CCC. Stocks of 1 1/2 billion bu of wheat on the first of the month were the largest of record for that date, and only about 200 million bu remains on farms. Total amounts of this grain either owned by or under government loan represented about 85% of stocks in all positions.

The visible supply of wheat decreased almost 3 million bu. Free stocks of this grain in Chicago declined 453,000 bu last week, leaving 2.7 million bu here. Of this amount, 1 1/4 million bu are in deliverable position. Therefore, the nearby future remains at a big premium over new-crop months and encounters support on breaks.

Free supplies of corn decreased almost 1 million bu, and 8.4 million are still in local elevators. Further shipments are being made against export sales. However, some hedging appeared in the pit this morning, weakening prices somewhat. Soybeans, on the other hand, were firm, and the products were higher during the session. Short covering undoubtedly occurred and some traders attributed strength to the stocks in all positions report, inasmuch as a fair reduction has occurred since January.

Western Canada experienced some snow last night, delaying seeding operations. According to a private report all territories in that country came through the winter in excellent shape, and wheat and rye appear quite good. Some moisture is needed in some spots, and warmer weather would be an asset. Oats were quite weak, particularly the deferred, as reports continue to stress the lateness in plantings. July declined only fractionally as country sources indicate the crop may be late, even though yields will not be seriously affected.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 27, 1960

Even with large exports of wheat and flour during the current crop season, the carryover on July 1st is expected to be slightly larger than a year earlier, and additionally a further increase appears likely by July 1, 1961. If this turns out to be the case, it would mean three years of increases in the reserves following three years of decreases. It is always difficult during the latter part of April to speak with certainty about the size of next summer's wheat crop. However, if we accept the winter wheat estimate of April 1st at its face value, there would be a yield of 977 million bu. The first estimate of spring wheat will be made June 10th, but if growers carry out their seeding intentions and if the yields per seeded area equal the five-year average, we should have a spring wheat crop of 230 million bu. Thus total production might reach a figure of 1,210 million bu, which would be the fifth largest crop of record and 7% above last year's yield of 1,128 million bu.

Obviously there could be no shortage of supplies except that one must take continually into account the loan program, which has become an increasingly important factor since 1938, when it started. At that time the wheat price to growers amounted to only 56¢ per bu and gradually advanced to a record of $2.29 for the 1947 crop, since which time there have been some reactions. However, the price incentive was responsible for a tremendous increase in our productive capacity and supplies of wheat in the 1959-60 marketing year total 2,415 million bu. Wheat stocks owned by CCC on March 31st this year totaled 1,058 million bu, which is 42% more than a year earlier. While the carryover reserve next July will probably be about 1,320 million bu, there could still be a relatively tight situation owing to the fact that at the end of March there was 297.5 million bu of wheat under loan. Of this quantity 86.1 million bu had been repaid, while 2.8 million bu had been delivered to CCC, and a negligible amount was placed under reseal, leaving a net quantity of 208.2 million under loan. The 20 million bu put under purchase agreement will undoubtedly be largely marketed and not delivered to Commodity. In addition farmers still have under 1958-crop reseal 44.5 million bu, 1957-crop extended reseal 7.2 million bu, and 1956-crop re-extended reseal 1.6 million bu. All wheat under loan in commercial storage not redeemed is forfeited to CCC on April 1, but loan wheat on farms does not become the property of CCC until ordered to be delivered to storage. Producers, thus, have an extra period to redeem their farm-loan wheat.

May wheat opened somewhat higher and apparently it was believed that 300,000 bu red wheat might have been sold to Montreal. There is some conjecture about this sale and it is not generally known whether the shipment will be made from Toledo or from Chicago. It seems logical to ship wheat from Toledo and hold the small stock here since the movement is mostly from West to East. The general gossip is that the red wheat mills in the eastern part of the country are pretty well stocked for the balance of the crop year, and according to the USDA estimate of a 10-million-bu carryover, it might still prove to be enough if the actual users have pretty well supplied themselves with requirements. Thus May wheat is still on very debatable ground.

Primary receipts of wheat were not burdensome and amounted to 666,000 bu, which was about in line with last week and last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 115,000 bu.

Trade was not overly active in any of the pits, but there was some liquidation of May corn which affected the later deliveries. Weather at the moment is perfect, although the country has not been a big seller, but on the other hand the government liquidation has only amounted to about half as much as last year to-date. Soybean exports last week were a little over 2 million bu, which was larger than last year. The market was mostly firm, and a local bought in his short position. There is still not much encouragement from products and as long as this is the case, and there is a chance for a big acreage, we feel that sales on bulges should prove profitable. May wheat was strong, and as we indicated earlier, there are still many uncertainties because with the prospective red wheat carryover of 10 million bu, shorts might be on the defensive for the time being, as there is still a large open interest, and much will depend on who takes the initiative. New crop wheat futures were up a little in spite of rather favorable state reports, with continued clear weather over large areas.

UHLMANN GRAIN CO.

TELEPHONE [illegible]

Large exports of wheat and flour under the current crop year [illegible] July 1st is expected to be slightly [illegible] than a year earlier, and [illegible] a further increase seems likely by July 1, 1951. If this [illegible] case, it would mean two years of increases in the reserve [illegible] of reserves. It is always difficult during the latter part of April [illegible] certainty about the size of next season's wheat crop. However, [illegible] winter wheat estimate of April 1st [illegible] million bu. The first estimate of spring wheat will be made [illegible] were to [illegible] and [illegible] five-year average, we should have a [illegible] production might reach a figure of 1,210 million bu., which would [illegible] this year's crop of [illegible] and [illegible] last year's yield of 1,146 million bushels.

Obviously there could be no shortage of supplies [illegible]

[illegible] since 1943, when it started. At that time [illegible] amounted to only 600 [illegible] and gradually [illegible] crop, since which time there have been [illegible]

supplies of wheat in the 1950-51 [illegible] 1,[illegible] million bu. [illegible] owned by CCC on March 31st [illegible] 1,0[illegible] million bu., [illegible] more than a year earlier. While the carryover [illegible] about 1,390 million bu, there would still be [illegible] the fact that at the end of March there was 287.4 million bu. of wheat [illegible] Of this quantity 78.1 million bu [illegible] 2.9 million bu [illegible] turned to CCC, and a small [illegible] quantity of 398.2 million bushels. The 30 percent [illegible] will undoubtedly be largely marketed and not delivered [illegible] In addition farmers still have under [illegible] 3 million bu, [illegible] extended except 7.2 million bu, and [illegible] All wheat under loan in commercial storage [illegible] April 1, but loan wheat on farms [illegible] the percentage [illegible] be delivered to storage [illegible] wheat.

[illegible] wheat [illegible] somewhat higher [illegible] 1,000 [illegible] to move. There [illegible] about this [illegible] Toledo or from Chicago. [illegible] since the movement [illegible] red wheat [illegible] in the eastern half of the country [illegible] for the balance of the crop year, and according to the USDA estimate of [illegible] million-bu [illegible] well supplied [illegible] Thus May wheat [illegible]

Further [illegible] of wheat [illegible] which [illegible] line with last [illegible]

[illegible] corn [illegible] affected the [illegible] although the country has not been [illegible] was mostly [illegible] and a local [illegible] There is [illegible] encouragement from producers [illegible] chance for a big acreage, we feel that [illegible] wheat was strong [illegible] depend on [illegible] rather [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 28, 1960

A great many words but little action have been devoted to declining farm prices. Last year that portion of our population not concerned with agriculture benefited by a per capita income rise of 6%, and received a record individual high of $2,202. In contrast per capita receipts by those deriving a living from the soil fell 8% to $960, despite a 1% decrease in farm population. Hearings have commenced in Washington over proposed wheat legislation, and the Senate Agriculture Committee has approved a stopgap three-year-bill designed to cut plantings by 20% while raising the support level to 80% of parity. Officials should be concerned as the money poured into agriculture is to a great extent wasted as evidenced by last year's $2 billion drop in farm returns. Not only are average prices lower, but production costs continue to mount, and are now at the highest point in history.

With this existing situation, it is difficult to believe that no reform in agricultural legislation has been developed, but the main conflict still appears to be diversions of interest. Not only can governmental officials not agree, but farm organizations have been split as are members of the so-called private trade. Selfish interests are much to blame for failure to concur, and pressure thus far has been insignificant. The Commodity Credit Corporation is so heavily involved, it appears almost hopeless that free markets will soon return, yet it seems almost necessary to eventually restore agriculture to its rightful status or else our entire economic system will be threatened. After all, price changes perform an essential service. They reflect abundance or scarcity, demand and cost factors, as well as changes in weather, technology and even political philosphies. When regulated, benefits are less than when left alone because they do not serve the intended purpose of stabilizing income. It is true that a few selected groups profit, but the economy as a whole is hurt, and every statistic in our present price controlled agriculture bears this out.

As recently summarized by the Stanford University Food Research Institute, excessive parity is not fairly representative. Legislation has been unrealistic. The gradual build-up of surpluses have lulled us into a false security. Public officials become complacent and lose their candor and legislators refuse to accept the responsibility for their own mistakes and repeat those of their predecessors. Compromise measures fail to hold the line and a mistaken theory has been the uniformity of price support programming for many commodities. Farm measures should attempt to regulate production capacity instead of supporting operators' income. If we produce what we need, the price will warrant a profit, but if we produce what we do not need it will act as a depressant on the entire industry.

In the April Wheat Situation the USDA speaks optimistically of the world wheat outlook as winter wheat accounts for about 90% of total production of this grain outside North America. It is significant that Broomhall again discusses satisfactory conditions over most of Europe. Though unseasonally cool weather has prevailed, moisture supplies are generally satisfactory though a warming trend would be welcome and additional rainfall necessary to insure best yields. Though no mention is made of Poland where crop losses have been predicted, this source mentions the Soviet Union as spring work there has been late, but better progress has been reported in recent days.

A few showers occurred in the Southwest overnight, but the Corn Belt has had sunny skies. Some scattered rain might be received in the latter section; the forecast is not too definite. Fieldwork should be pretty well caught up in many areas, and reports that bean and corn plantings are late must be discounted. After all, farmers in the main producing areas do not generally begin seeding of these two commodities until May.

Soybeans reacted this morning and the May contract approached a crop low established earlier in the week. Although the open interest has declined considerably the past few sessions, it is still quite large and a fair number of tenders are expected tomorrow, which is the first notice day. Corn was almost unchanged though the nearby was better supported. The spot market is still about 4 over, and country bookings are very light with farmers working in the fields. The Feed Market News says with large amounts of high moisture corn still available, hog farmers have been feeding intensively and are disinclined to purchase supplementary feeds in large volume. May wheat was erratic and remains a technical affair. Oats were strong.

UHLMANN GRAIN COMPANY

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CHICAGO, 4 April 29, 1960

Farm production expenses are expected to rise further during 1960, but the increase is likely to be the smallest in five years. Most of it will be in overhead items, such as interest charges, farm real estate taxes, and depreciation allowance. As nearly as we can tell, total production expenses will be close to $26 billion. On basis of gross farm income of about $37 billion, farmers will probably net about the same as they did a year ago. It seems rather difficult to expect much of an improvement in gross income; therefore, one would hope that the relief could come from the amount that farmers have to pay out. In 1910, production costs were only $3 1/2 billion and they have gradually advanced ever since, but just prior to our entry into the second war they were only $6.6 billion, and from that date on inflationary factors have been responsible for much of the increased cost, but, of course, there were many other factors, such as improved machinery, which in turn entailed heavy depreciation costs, and the latter add up to about $4 billion a year. Another big item is the feed that farmers buy, which in some years amounts to about $4 billion, and then, there are other items, such as livestock purchases, seed purchases, and fertilizers, which was not so much the case in the early days when our producers relied more on their own resources.

Almost everything that the farmer uses or buys today is affected in one way or another by taxes. Most people think of these taxes only in what is paid out directly, but this is, of course, a false premise. Furthermore, income tax is only a small part of the toll. The farmer's truck and tractor are taxed; the deliveryman's truck and the tires on it and the battery in it are also taxed. Even the air in the tires for that truck have four hidden taxes on it, which few people recognize. In order to be real explicit counting the indirect as well as the direct taxes, there are more than 1,000 taxes on one quart of milk. Except for the various taxes that have been imposed, gasoline would sell for about 2 or 3¢ a gallon, and certainly an automobile could be purchased for 25% less, barring taxes. Most people think of a $100 tax when they buy a $2,000 car, but actually there has been $288 more added taxes collected on that car before it leaves the factory. In addition to this there are all the taxes that the dealer pays. Then there are taxes on income property, taxes for transfer of title, etc., etc., and we could go on at great length. There are even 150 taxes on one lady's hat, and this gives the average person an idea that everyone shares in the responsibilities of a large budget.

Before our market opened this morning, there were quite a few showers reported from southwestern areas, and it looks as though there would be from 3/4 to 1 inch of rain over the corn belt states. While this might mean a few delays here and there, it certainly would be a source of worry if we did not have good soil conditions prior to planting of corn and beans. According to the Quaker Oats Co., there was real progress in oat planting during the past ten days and operations are completed in the western two-thirds of Iowa, all of Nebraska, Kansas, and Missouri, but poorest planting conditions exist in many areas of eastern Iowa and the same extends to northern Illinois. Except for northern Illinois and other northern areas, seeding is about finished, which is also the case in Indiana, Ohio, and southern Michigan.

Up to noon 1.9 million bu of beans had been announced for delivery which was more or less in line with trade expectations. In spite of this the market rallied, probably as there had been some selling in anticipation of these tenders, and short covering followed. Products were also well supported though cash meal is offered at quite a discount under the futures. There are still 31 3/4 million bu open in May beans despite a sizable decline in the open interest during the week.

The open contracts in May wheat totaled 20.8 million bu this morning, and no deliveries have been announced thus far, but this is not too surprising as deliverable stocks are quite low. Activity was limited, but all months, including new crop, were firm. Only small amounts of corn and rye were announced for delivery, and no oats have been put out. Because of this, these grains were higher, particularly the nearbys. Farmers have gained momentum in their oat planting, but a good deal of this work remains to be done in northern Illinois. Consequently, there is some fear that local stocks of this grain will be small in July. When the wheat visible is posted Monday, it will compare with a decrease of 1,414,000 bu last year.

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CHICAGO, 4 May 2, 1960

One of the steps taken by the Department of Agriculture in attempting to balance production and demand was the Conservation Reserve created in 1956. The wheat surplus situation was considered a major domestic problem, and USDA officials believed if acres were left idle, smaller crops naturally would be raised. This did not follow, as technology, good weather, and human ingenuity combined to increase yields to a degree that output is now as large as it was before any land was retired. Unfortunately, the nonproducing acreage has been taken primarily from the wheat belt, and this land owned by efficient and experienced farmers lays idle, while soil generally used for growing other crops has been planted in part to wheat. About 690,000 farmers, mostly outside of the traditional wheat belt, have taken advantage of the 15-acre-exemption, which allows them to raise this cereal without paying the panalty of controls. This legislative clause has permitted an increase of 152 mil. bu of this grain in the last three years.

In 1960, about 6.6 million new acres will be added to the entire reserve program, bringing the total to approximately 29 million acres. This means that 6% of our productive cropland will be idle. Supposedly only surplus producing areas are involved but as we have found out some land has been retired which was never good for raising much of anything. Since less than $16 million of the $1.6 billion spent on wheat last year was used for acreage allotments, this reserve system is still in effect, though Secretary Benson has stated he desires unlimited plantings with minimum support payments. In view of the wheat surplus situation, it seems likely that no such program would be attempted without first accounting for the very large supplies already accumulated.

Soybean meal rallied sharply following the close of the bean market Friday, and prior to its opening this morning. In spite of the fact that the Census Bureau Report showed an increase of oil stocks in factories and warehouses, evidently a good cash trade was experienced. Though soybeans followed partially this morning, it must be admitted that the conversion ratio has improved but only slightly. New crop wheat was barley higher in early trading, despite an increase of 1¢ in parity. This means that the loan will be $1.79 national average, assuming the new figure is maintained. This is 2¢ lower than the 1959 level, but up 2¢ from the minimum announced by the Secretary of Agriculture.

Skies seem to be clearing although some moisture was received generally over the week-end. Farmers will be active in the fields as soon as possible and currently ground conditions must be considered quite good. This is the month for corn and soybean plantingthroughout the large producing areas, and it appears as though acreage for both commodities will be larger than normal.

A substantial decrease occurred in the May bean open interest, not including deliveries which have occurred thus far. Meal was lower and best prices in oil did not hold. Evidently further redemptions take place in the country on rallies. Chicago stocks of beans declined 701,000 bu, leaving less than 7 million bu in local elevators.

We mentioned a few weeks ago that supplies of wheat in this market would amount to about 2 1/4 to 2 1/2 million bu on May 1st. This has proven correct as stocks decreased 297,000 bu during the week and 2.4 million remain. Corn stocks declined only 153,000 leaving 27 1/2 million bu in Chicago. Receipts have picked up and some hedging developed. Consequently nearby months were lower. There is some talk that commercial interests might make delivery. Rye increased slightly as additional shipments from Canada to this market have been made. A recent advance in price has also attracted some selling from outside points. This could lead to some additional tenders which thus far have been light. Oats were again firm and deferred months traded in new high ground.

The Santa Fe report discussing crop conditions in the Southwest says that despite some dry weather, Kansas, Oklahoma, Texas, and Colorado could produce 407 million bu of wheat this year, slightly less than that grown in 1959, but well over the 10-year average. New crop futures reacted in sympathy with the May, which became quite weak late in the day, but at the present level, the former is well below the loan support.

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CHICAGO, 4 May 3, 1960

There is a great debate going on between agricultural officials and the grain trade with respect to storage charges during a period when the cost of handling continues to advance. There was a long period when surpluses were accumulating and when adequate storage facilities were not available. During that time caves, abandoned factories, hangars, tents, oil tanks, mothballed World War II merchant ships, walled-up rural streets and shut-down movie houses supplemented existing grain-terminal and elevator space. Uncle Sam recognized the seriousness of the situation and not only encouraged but sometimes threatened that unless the private trade added to its storage capacity, the government would intervene and add to its own facilities.

Now that we have the mountainous supplies of surplus goods and storage rates have become a matter of grave public concern, the government is trying to vindicate itself by compelling those, who helped to solve the problem to cut rates and to store government grain at sharply reduced rates. The government's total investment in farm commodities runs up to $9 billion, and by June 30, 1963, under present laws, the USDA expects the government stake in farm surpluses to climb to about $12 billion. The fault lies not with the grain trade, but rather with the USDA which instead of being an advisory agency, as it once was, has become a price or income arbitrator. Instead of calling the various programs by their true name, they have clothed them with semantic niceties, such as soil bank, parity prices, food stamp plan, ever normal granary, soil conservation, or simply farm policy. At the same time in carrying out its political policies, the basic disruption of market forces continues, and we have uninterrupted intervention in the market place. Price supports as an integral of farm intervention are essentially a form of price-fixing, which is not permitted under law for other industries. Many of the usual markets that the farmers enjoyed have been destroyed by overpricing agricultural commodities and by subsidizing them in effect either in foreign markets or through synthetic competition. The free market is the only way out of the farm problem, because intervention is rarely, if ever, self-contained.

The Soil Bank measured by its stated objectives has also failed. In 1958, for example, on the smallest acreage in 40 years, farmers harvested the largest crop output on record. We deplored the fact that every fourth row of cotton during the depression was turned under, with 10 1/2 million acres of farm land retired. Millions of young pigs and pregnant sows were slaughtered by government order. Yet after this program was abandoned, Congress again authorized the Secretary of Agriculture to permit plowing under a vast crop acreage already planted, so that farmers could receive rental payments, which in effect were nothing but subsidies. The great tragedy of it all is that man cannot repeat Nature's laws to substitute bureaucratic rule for the market place nor withhold large surpluses from the market in the hope of solving the farmer's problems. The pity of it all is that the farmer is no longer a "free agent."

Primary receipts of wheat were 906,000 compared with a little more than 1 million bu last week, and 774,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of only 11,000 bu.

The government weekly grain report spoke of some helpful moisture which had benefited crops in the Central Plains area, but stated that more moisture would be helpful in the Southern Plains. From all we hear farmers are anxious to get their corn planted. There was an additional 575,000 bu of corn tendered this morning which seems to be a fresh delivery. As a result May corn lost a little ground on the later months. We also heard that a barge of hard wheat was coming to Chicago, but only for transit shipment, and will move out via the lakes. There may be some additional barges of the same nature. Nevertheless selling of May wheat appeared on bulges and the nearby delivery lost ground. The new crop months were firm, and there was considerable buying by an export house. In the Northwest, field work is being delayed and not much was accomplished throughout most of the week, but early wheat has started to emerge at a few points with an occasional field already up from 1 to 2 inches. There seemed to be support coming into the bean market on the breaks, but volume was smaller than the day before. Poland bought 4 cargoes of hard wheat for May, June and July shipment. Contract stocks in Chicago are 1 1/4 million bu, and the decrease during the week was very small. There is almost 8 1/2 million bu of free corn in Chicago.

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CHICAGO, 4 May 4, 1960

Official forecasts suggest that farmers' prices during the balance of 1960 should average about the same as for the first quarter of the year. Though some commodities are expected to decline, an increasing total supply of farm products should offset lower returns for a few goods. At the same time increased exports and improved prices for hogs and eggs, resulting from less output, should help the dollar income. Total farm exports are expected to increase by $800 million to $4 1/2 billion. Demand for food has strengthened and retail stores are selling about 3% more than for the same period in 1959. Much of this is stimulated by a per-person increase in purchasing power of more than 2%, and the uptrend in consumer income is likely to continue.

The very thing that helped tighten the expiring corn future in March is now a depressing factor, insofar as May is concerned. Free stocks of this grain in Chicago have been large, but 2 months ago it appeared as though a sufficient demand might develop to force a sizable contraction in local stocks. Commercial users took delivery, but evidently found other sources for their needs and are currently redelivering. The cash basis is still quite firm, indicating a small movement, but yet primary receipts have expanded somewhat during the past few weeks. As farmers are busy in the fields, fewer sales are consummated, but this is the last month in which they can take advantage of the support program, and since prices are close to the loan level, many sources predict a fair movement will develop. There are still sizable quantities not suitable for impounding. Though corn has traded in a narrow range during much of the entire season, supplies could be large enough during the balance of the crop year so that the market could be under continuing pressure.

Exports of soybeans last week totaled 1.6 million bu which compares with 2 1/2 million during the same week one year earlier. Since October 1st, clearances have been 13 1/4 million bu above the like period a year ago. While some additional business has been announced, totaling over a million bu sold to both Formosa and Japan, it will be surprising if exports during the current week will approach the 3 million bu shipped in the comparative period of 1959. The USDA continues to forecast crushings of 400 million bu for the entire season but trade estimates are lower. Meal and oil are again losing ground on beans, and additional shutdowns have been announced. Should this situation continue, the eventual carryover could be above the 40 to 45 million bu officially estimated. In the meantime prices are at a level which should encourage additional redemptions, and farmers have until the end of this month todo so.

The private estimate of winter wheat issued by C. M. Galvin places production as of May 1st at 994.6 million bu. This is an 18 million bu increase from the government figure as of April 1st. Most reports have been optimistic except for a few areas where stands are thin and the crop has made poor progress and they could use additional moisture. Small amounts of rain were received in the Southwest overnight.

The Minnesota weekly report says that less than 30% of the oats have been planted there, which compared with 85% a year ago, and this was a normal season. The state's acreage of spring wheat is also behind schedule, and only 10% of the flax has been seeded compared with 50% in 1959. While good weather will allow the farmers to make up lost time quickly, it still seems likely that, particularly in the northern sections, the oat crop might be reduced enough so that Chicago will have difficulty in accumulating a good stock.

May wheat though erratic was strong early in the session as additional sales of red wheat have evidently been made. Probably the majority of this grain will be shipped from points other than Chicago. New crop months remained relatively firm despite the generally glowing crop reports. Corn was under pressure as additional deliveries will probably be added to amounts already tendered. Thus far no one seems anxious to retain ownership of this cereal. A processor was a large buyer of May beans against the sale of July, yet the market reacted as meal was again lower. The Iowa weekly bulletin says field work is well behind normal and additional dry weather is needed in most areas in order to prepare the ground for corn planting. About 90% of the oat acreage has been sown in that state.

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CHICAGO, 4 May 5, 1960

— There was a considerable amount of moisture overnight in southwestern states--Hastings, Nebraska, for example, reported 1 1/4 inches. It extended as far west as Norton, Kansas, where they had an inch, while Enid had more than 3/4 inch, and we were advised that Oklahoma as a whole had from 1/2 to 1 inch or more in some places. Over the corn belt there were a few scattered showers and further warm rains are likely. The latter may delay plantings of corn and beans, but on the other hand will almost definitely assure fast germination of crops. There is always a little apprehension in early May when the season is late because farmers are afraid that they may not get their crops all planted according to scheduled operations. On the other hand, it is often just as well that corn does not go into the ground too early for the reason that the European corn borer often destroys the plant when that occurs. Even last year when conditions were satisfactory, there was 68 million bu corn destroyed at a value of about $72 million, according to USDA figures. The loss amounted to 1.7% of the total crop, and was particularly heavy in Nebraska, where nearly 17 million bu was lost. Iowa sustained almost the same setback, and it should be constantly borne in mind that the European corn borer is one of our costliest insect pests. It was accidentally imported into the U.S. probably on broom corn more than forty years ago, and it now infects most of the corn-growing areas. The borer not only cuts crop yields but also lowers crop quality. At the same time, it increases production and harvesting costs and requires large outlays for control materials and equipment.

Yesterday afternoon there was 2 1/2 million bu of corn tendered and retendered against the May contract, which clearly indicated that the demand for the cash product was not too keen even at a time when the country is not selling much grain. There is some headway being made in field work and the Missouri bulletin told of a better work-week; in fact, the best of the season, but there is still the usual handicap of rain and wet fields although generally showers early in the week were light and it was not until the week-end that things really got wet.

Spring wheat has also been backward over most of the Prairie Provinces of Canada, and recent snows and generally cold weather have retarded farm operations, according to the first telegraphic report published by the Bureau of Statistics. Late yesterday our government signed a pact with India whereby we would help that country to purchase $1.3 billion worth of agricultural commodities on basis of their currency. In quantity, there are 587 million bu wheat and 22 million bags of rice involved, and the shipments will be made over a four-year period. For the first year shipments of wheat will take 147 million bu from here, which is at a higher rate than the recent clearances. It does, however, assure continuation of big exports, particularly with one country taking about 10% of our entire wheat crop each year. The remaining quantities will be shipped on agreed terms between our two countries, and thus India continues to be our largest single wheat customer. According to Broomhall, our wheat and flour clearances since last July totaled 393 million, which is roughly, 30 million more than the year before. Since the 1st of October, we have shipped out 121 million bu of corn, which is an increase of 3 million over 1959. Rye exports of 4.1 million are just half of the amount exported a season earlier.

Primary receipts of wheat were light at 795,000 bu. This compared with a little over a million bu last week, and somewhat less last year. Kansas City and Minneapolis stocks so far this week show a net increase of 35,000 bu.

Trade was extremely inactive, and outside of some spreading in beans, it was an extremely dull day. May corn was weak earlier because of the heavy tenders, but corn bids to the country were firm and even on the advance bookings were next to nothing. Thus it was not surprising that the market showed a little recovery. At Winnipeg flax prices were strong on confirmation that the Argentine government had placed a minimum price equal to about $2.63 per ton ex-tank Rotterdam for linoil. Wheat was without much feature, and there was not the export buying that we noted yesterday. May wheat was a little stronger, but volume was small. Beans were mixed. The deferred months were quite indifferent. However, the May delivery was influenced by the heavy takings yesterday by a commercial account, and that future gained ground on later months. Rye continued firm, and we doubt whether Chicago will build up a big stock.

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CHICAGO, 4 May 6, 1960

Storage rates and handling charges were cut about 19% under the Revised Uniform Grain Storage Agreement, which becomes effective next July. This is now official and apparently the Department of Agriculture paid little attention to the protests from private grain-handlers who claimed that costs continue to rise, and, therefore, the reduction at this time is a very unsatisfactory solution to a problem that will enable the government to carry 2 billion 500 million bu of the various crops in commercial storage during the 1960-61 crop year.

The total reductions in CCC costs for storage alone will amount to about $75 million, according to their estimate. This, however, is only a half-truth because most elevator concerns are corporations which pay 52% tax to the government, so that while the Agriculture Department effects a small saving in comparison with other losses that are sustained in handling, exporting, reconditioning, etc., not to speak of losses in grade quality when deterioration occurs, the budget suffers to the extent that less tax money comes to them. Besides this, the farmer is also hard hit by virtue of the fact that he receives smaller income for the grainthat he carries, although part of this is recovered when loans are made in terminal warehouses at revised rates and charges. Likewise, producers who reseal price-support grain on their own farms after the first loan year will receive less in storage fees, which may have a bearing on the agricultural program, but in any case USDA has been firm in its dealings and is now intent upon offering all eligible commercial warehousemen an opportunity of signing up, and very likely a large percentage will be compelled to go along with the program even though it is most distasteful. There is little alternative owing to the fact that the bulk of the carryover stocks of corn and wheat will be in government hands.

There was a considerable amount of moisture in the Southwest and they had heavy rains again in western Kansas with some tornadoes in Oklahoma. The corn belt experienced light showers, but according to the 5-day outlook, temperatures will still average 2 to 5 degrees below normal for Illinois, and rainfall will average from 1/2 to an inch, while in Iowa temperatures will range from 5 to 10 degrees below the normal for this time of year but precipitation will average light to moderate, occurring as showers and thunderstorms the latter part of the period. Amounts may reach up to an inch in some places.

The Quaker Oats Company characterized the situation as rather slow progress for corn and that in the main belt the cold had put a damp chill on all thought of planting. While the sowing of soybeans had been quite general in Mississippi, Arkansas, eastern Tennessee, and southern Missouri, there was no progress elsewhere. They also spoke of last year's corn in cribs as drying out very well, but apparently not quick enough and that widespread reports of damage over much of northern Illinois, southern Wisconsin, most of Iowa, southern Minnesota, and eastern Nebraska were received. Their comment on winter wheat was the same as the others: namely, a most excellent and satisfactory development during April. Due to recent snows in Canada, progress in that country has been slow with spring work generally delayed by about a week or two.

Primary receipts of wheat were rather light at 687,000 bu which was a little less than last year, and compared with 901,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 38,000 bu. When the visible supply is posted on Monday it will compare with a decrease of 2.6 million bu a year ago.

There was a fair trade in May wheat, and both longs and shorts seemed a little more active in evening up commitments. The new crop futures were rather indifferent although there was some export business reported with 575,000 bu of hard and white wheat sold to Pakistan for June shipment. There was also some business in beans, Formosa, Norway, Holland and Japan buying. Beans, however, were a little affected by weekend evening up, and prices were slightly lower. Exports for March were officialy reported at 7.1 million bu, and the total from October to March was 75.7 million, or roughly 15 million larger than a year ago today. The country is selling practically no corn. The May future was higher, which in turn affected later months. Rye prices were firm but there appears to be no aggressive buying. Next year's imports will only be in the neighborhood of 1.6 million bu to average up for the larger quantities that we took in during the current season.

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CHICAGO, 4

May 9, 1960

In spite of increasing production in recent years, stimulated in some cases by federal incentives, total acreage usage has tended to decline. During the depression year of 1932, 375 million acres of crops were planted and all but 13 million were harvested. The years following farmers were beset by drought and in 1934, only 295 million acres were harvested out of 339 million sown. Prosperity returned and by the start of World War II crops were being planted on an average of around 360 million acres per year. Since that time land availability has decreased, partly due to expansion of urban areas, but while this has occurred total yields of all crops have more than doubled over the past thirty years. Conservation and Soil Bank programs have aided little in the curtailment of production and supplies of many commodities are now at burdensome levels, with 1960 offering the probability of additional surpluses for some grains. Farmers, for example, intend to plant slightly more acres to corn that they did last year and it is interesting to note that one-fourth of the total acreage of all crops is planted to this cereal. Wheat, which occupies America's third largest acreage, will be of near record proportions, and the total number of bushels harvested likely will be close to 1 1/4 billion bu. This will occur at a time when acreage devoted to this grain is about as small as at any time during recent years, but modern farming methods and ideal weather have combined to allow for large yields.

The Department of Agriculture has termed soybeans "America's Wonder Crop" and though increased amounts of land have been set aside for the planting of this commodity, strides are being made to increase output on a per-acre basis for this crop. Though shifts in planted acreage occur annually the total amount of farm land available will undoubtedly continue to diminish in the years ahead as the population grows and industrial and residential building is enlarged. It seems as though no shortage of foods will exist in our lifetime as strides are being made at an ever-increasing rate to reap greater benefits from the soil, with an increase in per acre production almost annually.

Grain news was lacking at the opening this morning, though the week-end was generally wet and cool over much of the country. The writer travelled by train through northern Illinois and southern Indiana this morning and fields are extremely muddy. A good deal of work remains to be done. In Iowa conditions are probably somewhat better as skies are clear today and farmers are reported working in some areas.

Broomhall says spotty conditions prevail in parts of Europe as seasonably low temperatures have been experienced and moisture deficiencies exist. A warming trend and rainfall would greatly relieve this condition.

Farm selling of wheat has been slow; however, flour demand is also quite slack. New crop futures have been fairly well supported recently and probably will remain rather firm as large quantities of new crop wheat should be placed under the support program again this year as prices are well below the loan level. Chicago stocks of this grain declined 278,000 bu this past week but a total of almost 2.2 million bu remains. Corn increased 1/4 million bu and total supplies amount to 27.7 million bu. Oat stocks decreased slightly and only 1.3 million bu are still in local elevators. There is less than 1.2 million bu rye in Chicago following a small decrease, and soybean stocks declined further, leaving 6 1/2 million bu.

May wheat firmed late in the session as some short covering took place. The decrease in stocks was a little larger than had been anticipated. Whereas new crop corn futures had been bought Friday on the basis of a later than normal planting season, less support was evident today as the forecast is more optimistic. The nearby months were lower as deliveries have circulated, and have not thus far been well taken. Beans eased on moderate trading, and this trend will continue until sustained strength develops in the products. The meal continues to sag. The USDA is advising farmers that they will not receive equity payments this year for beans under loan, which could cause more aggressive redemptions. This would be in contrast with past policies when the CCC would reimburse producers if market prices were higher than the loan. Season's highs were registered for all months of oats. Supplies of this grain in Chicago have been tightly held, and no deliveries have occurred so far. Rye was firm and our market probably will not build up large supplies during the coming season.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 May 10, 1960

If Congress were to pass a law transferring private ownership of industry and commerce to governmental agencies, most citizens would be up in arms. Instead in a more subtle unheralded manner, this very thing is happening in many areas. Whenever some political or economic or social problem appears, the line of least resistance seems to be federal aid. The government underwrites each project with a check supporting almost anything where money lending is possible and public interest is prevalent. Often moneys used for national projects are of benefit to a great number of people and they are worth-while. Basically, however, the argument centers around total outlays, and government spending cannot be continued on such a large scale without seriously affecting individual income which has brought us to our present state of inflation.

Since the end of World War II taxes have climbed steadily. Not only have personal income levies been raised, but state and local payments cut deeply into each person's earnings. As a matter of fact, about one-third of every American's income is used for taxes in some form, and the desire to earn more money is naturally shadowed by the realization that with each additional dollar comes a larger federal bite. During peacetime annual U.S. spending has risen to $80 billion, and the public debt is now $285.5 billion. The interest rate on government bonds and the outflow of gold have been subjects for debate as they cause economists grave concern. Further increases in the tax rate to any large degree would be ineffective because additional funds could not be raised readily in large enough amounts to be worth-while without seriously hurting consumer spending capacity. A high percentage of the population is heavily borrowed and in debt. Instead of passing legislation socializing the economy to which everyone would object, steps are being built to let this creature enter through the rear door. Each new measure by itself seems harmless enough, but if the national debt becomes unredeemable, then it will have arrived.

This afternoon the government will issue a report showing winter wheat production as of the first of this month, as well as condition of rye. Offerings of wheat in the Southwest are still light, but appear to be ample to meet current demand both domestically and for export. As crop progress has been quite good, prospects are for a movement in some of the southern areas towards the end of this month. The visible supply of this grain decreased 3.8 million bu for the week, and our market has been influenced by continuing shipments of red wheat from local supplies. The open interest in the May contract is quite large, inasmuch as final pit settlement will have to be made before its expiration on Thursday, the 19th.

A great deal of attention was focused on rye recently when reports of drought emanated from Poland, and also there were discussions of the crop having been retarded in the Soviet Union. Broomhall says that poor weather in the latter country caused a late start of field work and the seeded acreage is smaller this year than last. However, weather is more favorable for development.

Original tenders of soybeans were quite large at the start of the month and have circulated ever since, though in smaller quantities recently, Additional amounts probably will be put out, and corn, which also had been delivered in large amounts, continues to change hands among commission and local houses. In other words, no great demand has developed for the Chicago free stocks of these grains, and supplies are comparatively plentiful, at least for the time being.

Even though free wheat stocks declined 272,000 bu during the week, supplies of red wheat in deliverable position increased 105,000 bu and now total 1 1/4 million. Consequently, May wheat eased from early highs as longs fear delivery which is still a possibility as the premium is quite large in comparison with new crop months. Following a small increase, free stocks of corn in Chicago amount to 8.4 million bu. Evidently CCC activity has expanded and increased sales are being reported from many parts of the country. This is not too surprising as additional quantities impounded added to amounts already owned will be burdensome to say the least. Another 4 billion bu crop can be expected assuming average growing conditions. Therefore, some movement of this grain into commercial channels will be necessary to make room for next falls harvest. Soybeans were lower with further liquidation in May, and that month lost ground on July. Oats reacted somewhat as the weather is clear in the Northwest where farmers are busy seeding this grain.

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CHICAGO, 4 May 11, 1960

Yesterday aftern oon the government crop reporting service forecast winter wheat output at 982 million bu. If borne out, this would be the fourth largest crop in history, and combined with the preliminary estimate of spring wheat could give us a total production of nearly 1 1/4 billion bu. This summary was based on conditions as of May 1st, and since that date some beneficial moisture has been received quite generally. The weekly government report mentions that corn planting in Nebraska has bogged down because of wet fields, but this should be beneficial to wheat as this state had been mentioned as one of the driest. Over the Great Plains growth progress is improved as a result of recent rainfall. Though harvesting pressure is normally felt to varying degrees, the possibility of a substantial price decline in wheat is not likely as new crop futures are already well below the loan level, and the support program should discourage a broad selling campaign by farmers. Storage space will be plentiful in most areas, and there should be opportunities to buy deferred months on breaks for appreciation later in the season.

There is some doubt whether large free stocks can be accumulated in Chicago in the months ahead even though production increases are noted in states which normally yield mostly red wheat. Rail rate changes should cause larger amounts to move south and east soon after harvest. In Illinois, Indiana, and Ohio, the combined wheat crop will be about 32 million bu larger than last year. Kansas is expected to raise slightly more of this grain than in 1959, and Texas and Oklahoma together will yield 27 million bu more. Small reductions are forecast for Nebraska and Colorado, but the Pacific Northwest should return larger yields than a year ago.

Rye condition on May 1st was 89% of normal compared with 84% last year, and an average of 86%. Though production probably will be above that of 1959, a smaller carryover and reduced imports lessen the probability of building up large supplies of this grain in Chicago.

Yesterday's report also discussed oat seeding and it is confirmed that though 90% has been completed in Iowa, only about 30% of this cereal had been sown in Minnesota, and lesser amounts in North Dakota by the start of the month. The weekly government bulletin says oat seeding in Illinois is virtually completed although due to lateness some land intended for this grain will be planted to corn or soybeans. Though only 5% of the 1960 corn acreage has been planted in Iowa, this is not too far behind last year's schedule of 10%, and an average of 15% by this date.

Last week 3 1/4 million bu of soybeans were exported including 369,000 bu to Canada. This is a rather large figure though the comparable week a year ago a little over 3 million bu was cleared, including a million bu to Canada. Since October 1st the cumulative total is almost 13 million bu above shipments a year ago, and the pre-season government estimate of 125 million bu for overseas shipment during the crop season probably will be reached. May beans registered a crop low this morning on the opening, as deliveries, including retenders, were almost a million bu last night. Assuming new crop beans are planted without serious delay, the seeded acreage could be close to record proportions, and with new crop months selling close to the loan level, statistics for the entire bean market give little encouragement to longs. This is especially true while the products are unable to rally very far, and additional redemptions in recent days mean that free supplies of this commodity should be plentiful for some time.

The CCC has offered a total of 1,281,000 bu of red wheat for export. A little over half of this is at Atlantic ports and the balance is offered by their Dallas office in interior positions and also at the Gulf. A part of this wheat is garlicky. Though a few export sales were announced overnight, the red wheat involved was small compared with the amount offered by the CCC. This news brought selling into the pit, and the May contract declined as a fair amount of liquidation occurred.

Otherwise, markets were on the quiet side though beans were a little higher early influenced in part by meal and oil. Some short covering took place, but there was no significant news and price changes were moderate. Corn was little changed and the Evanston office of the CCC announced weekly sales of 3 1/2 million bu, most of which was bin-site corn. This is an increase over recent offerings.

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CHICAGO 4

May 12, 1960

In 1939, when World War II broke out in Europe, American farmers produced 740 million bu of wheat on 52 1/2 million acres. In 1959, on about the same acreage they produced some 50% more. The average production in the ten-year period, 1931-1940, was 740 million bu, including winter and spring wheat crops. This took in the drought years from 1933 through 1936, but it also embraced two very large crops in 1931 and again in 1938, when total yield each year exceeded 930 million bu. Today, with less than 41 million acres sown towinter wheat alone, billion-bushel crops are not uncommon, and in fact, the government just two days ago estimated production of winter wheat at 992 million bu, which would be the fourth largest year of record, and 7% more than last season. On top of this will come the spring wheat crop, which should give us additionally about 230 million bu with normal growing weather.

It is not surprising, therefore, that in spite of very large exports, the carryover reserve should have increased by leaps and bounds. During the ten years prior to World War II, the average reserve from one year to the next was 243.6 million bu, whereas now we have a billion bushels more in the reserve stock, which is largely the result of more mechanization, better fertilizer, and new techniques which have permtted us toraise billion-bushel crops almost continually since 1944, while at the same time this was accomplished with much less manpower. In World War I, our farm commodities were produced with 13 1/2 million workers; in World War II, this had been cut to 10 1/2 million workers; today there are only 7 to 7 1/2 million farm workers, but total agricultural output is nearly double that of World War I. Actually a man-hour of farm labor now produces naarly three times what it did twenty years ago. Despite a good deal of talk about the movement of people from farms to other occupations, we must still realize that had this not been the case, living standards would not have reached such great heights, for the release of manpower to industry and the professions has made us the great people that we are today. At the same time no nation or civilization has ever been so well fed by so small a proportion of its people.

According to Broomhall, wheat and flour exports for the week were about 4 1/2 million bu, and since July 1st, we have shipped 405.6 million bu compared with 368.5 million a year ago. Exports of corn for the week were a little over 2 million bu, and since October 1st, we have cleared 125 million bu, or roughly, 4 million more than last season.

Secretary Benson announced yesterday that the nation's wheat farmers would vote July 21st as to whether they favor marketing quotas on the 1961 crop. He proclaimed a national wheat allotment of 55 million acres, which was the minimum permitted by law, and would be the same as for this year. The legal minimum wheat support price for the 1961 crop would be 75% of parity. No doubt farmers will go along with this program, as it is very doubtful, in spite of all talk and complaints from Washington, that any new farm legislation will be enacted during the present session of Congress. If there should be new legislation, Secretary Benson intimated that the terms of the referendum would likewise be altered.

Primary receipts of wheat were close to a million bu which compared with about 800,000 bu last week and 617,000 last year. Kansas City and Minneapolisstocks so far this week show a net decrease of 180,000 bu.

May wheat was very firm, but there was some liquidation which scarcely influenced the new crop months. Corn prices were firm, and there was no pressure of any importance. The weather outlook is a little better for planting, and while temperatures are slightly below normal, we at least are getting some sunshine. Rye prices firmed despite the recent government report showing the condition at 89% of normal on May 1st. Production is so scattered that we doubt very much whether Chicago this season will build up a big stock. There are generally 8 states that produce 3/5 of the crop. Beans were stronger with higher prices for products. Trade interests bought bean futures. We doubt whether sustained strength is likely.

At Minneapolis the flax market ran into stops, and it was reported that Russia either had bought or is negotiating to buy 10,000 tons of Argentine linseed oil. Weather in Canada has turned warmer and seeding should be general within a few days. In our country farmers are so busy in the fields that many of them will not take time to haul their beans to market although some of them have been redeemed from the loan.

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CHICAGO, 4 May 13, 1960

The story of agriculture in today's world is somewhat of a paradox. For example, in our country for some time we have enjoyed an era of abundance, including a staggering overproduction of some grains. Until recently the public has been uninformed regarding this subject, and even now people wonder why solutions are not attempted in order to alter the situation. Taking the world as a whole, -- agriculture has been unable to keep abreast of human needs. It is hard to comprehend that in some areas, particularly in the Far East, persons are starving, and - according to estimates two-thirds of all people go to bed hungry each night. Population has been expanding since the world began before arriving at its present level, but in the next 75 years the number of inhabitants will double the present figure. Consequently, the problem of food supplies has and will continue to be important but even more so will be the question of distribution.

The per-capita consumption of bread grains has actually declined in America due mainly to improved living standards and the ability of citizens to afford better diets. Following World War II, beef production in the U.S. declined in actual quantity in relation to population, but since 1951, output has increased faster than during any other period. This upward trend is expected to continue for several years as we are probably the greatest meat-eating country in the world today. Many people ask why our government cannot share our vast reserves with other less fortunate nations. There are probably many reasons though to a greater degree than ever before we are attempting to do this. The cost of shipping is prohibitive in some places, plus the fact that we do not want to sell or give away articles of food in competition with other surplus producing countries, such as Canada, Australia, etc., which might hurt their economies. In many lands, the storage and processing facilities are not adequate to allow them to take these farm products. The most important thing is to aid nations in becoming self-sufficient and help teach them to grow grains that they can consume most beneficially, and at the same time set our own house in order by shaping farm policies that will bring output more realistically in line with demand.

Yesterday the Commerce Department announced that it has added about 250 items to its list of goods which U.S. firms will be permitted to export to the Soviet Union and its European satellites. Amongst these are vegetable oils, which could be important insofar as soybean oil is concerned because a few years ago Russia took large quantities of this product and if an active demand develops again, it would help reduce our surplusstocks. This news brought buying into our oil market at the opening this morning, which was added to yesterday's strength, as Russia had been reported a buyer of 10,000 tons of Argentine linoil over night. Whether a further advance will be followed in soybeans is difficult tosay, as demand for meal has not been steady and redemptions of soybeans have occurred in spite of the fact that farmers are busy in the fields.

The narrowing of May and July wheat in Kansas City has encouraged a somewhat more active demand for hard wheat, though country selling has also picked up. Chicago May wheat firmed following the recent reaction, and advices from some quarters think that at least a part of the deliverable stocks in Chicago might be used for some of the June export sales of red wheat previously consummated.

Soybean oil broke late in the session when it was reported that vegetable oils eligible for export to Russia include neither soybean nor cottonseed oil. Meal was also a shade easier and the cash market is at quite a discount under the future. However, processors have not made delivery certificates available in very large quantity. There was additional changing of bean hedges by a processor, yet lower prices for products caused some liquidation in this commodity.

Corn tenders continue to circulate between commission houses though prices reacted only slightly following yesterday's strength. The weekly Quaker Oats report said winter wheat progress is excellent though slow in some areas. Corn and soybean planting is delayed as this is one of the wettest springs ever experienced; however the forecast is optimistic. May wheat declined probably in sympathy with Kansas City which was quite weak as a result of commission house liquidation. There appears to be support in rye on breaks as even though this year's crop will be larger than that of a year ago, a number of factors point to a small accumulation of stocks in Chicago.

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CHICAGO, 4 May 16, 1960

Word came from Paris early this morning that Soviet Premier Khrushchev had all but wrecked the chances for a continuation of the Summit Conference. At the very outset, he denounced the American policy of sending high altitude intelligence planes over Russia and insisted that all persons connected with these flights be punished. He withdrew his invitation to President Eisenhower to visit Russia in June, stating that the Soviet Union naturally was compelled to condemn the aggressive nature of these acts. He went on to say that there could be no lessening of world tension when one of the Great Powers had bluntly declared its policy, which he regarded as an intrusion into the affairs of another state. Our President equally bluntly rejected the Soviet charges, stating that Russia's warlike preparations had made it necessary for the free world to keep track of what was going on inside of Russia.

The stock market, which opened thirty minutes before us, showed no great apprehension or anxiety over these events and actually most people had not expected much good to come from the Summit, nor was it regarded as a meeting that would reconcile many of our differences.

When our market opened this morning, it was for a time more influenced by weather and routine conditions, with rather heavy rains reported over north central Kansas and over a large area of Iowa. More rain is indicated for that state, as well as for other parts of the corn belt, but in the meantime a good deal of field work had been accomplished, and actually this is just about the period in May when normally corn planting either reaches its peak or is nearly completed.

India over the week-end had purchased 3 cargoes of corn for May-June-July shipment, via the Gulf, but there was no heavy amount of hedge business reported. In other export circles near stagnation had developed, insofar as wheat and flour were concerned, although India had previously chartered some Gulf space for June and was inquiring actively for hard winter wheat for northern Pacific clearance. The USDA announced an authorization to Pakistan tofinance up to $6 million worth of cottonseed oil or soybean oil under P.L. 480, shipment to be made from U.S. ports between May 20th and August 31st.

There is some talk that countries other than India, whose crops are deficient, may try to emulate the building up of farm stocks for reserve purposes if they can obtain these supplies through payment of local currencies. The near 600 million bu of wheat and flour which India will take during a 4-year period has stimulated interest in other quarters. During the week wheat sales under the payment-in-kind program were nearly 10 million bu, and the cumulative total since July 1st has amounted to about 349 million bu. This would suggest that there would be heavy clearances again in the 1960-61 crop year, and taking this factor into account with the present price of wheat, which is considerably below the net loan, we would regard purchases as being advisable on setbacks. We would not, however, follow the market on extreme bulges, such as we had this morning, due to the possibility of war scares. The international situation need not necessarily break up due to failure of any success at Paris.

Chicago wheat stocks declined 260,000 bu for the week leaving 1.9 million bu here. There was a decline in corn stocks of 531,000 bu, and bean stocks went down 570,000 bu, leaving about 6 million bu in Chicago.

Markets were influenced by the international news as we mentioned earlier, and there was a good deal of short covering which apparently had its effect although best prices did not hold. The President was quoted as saying that flights over Russia for intelligence purposes would not be resumed, and that he would continue his efforts for peace and justice during the remainder of his stay in Paris. May wheat is being slowly liquidated, and before the opening this morning there was still 14 1/2 million bu either to be closed in the pit or settled through delivery. Prices for beans rose, and in fact the whole grain list was higher today with the possible exception of oats, and even that market showed firmness, but May wheat here and at Kansas City closed lower. It is difficult at times like this to have very positive opinions, and political events will be very closely watched. We still do not believe in spite of Premier Khrushchev's bitter attacks against our policies that this will lead to conflagration. Therefore, we feel that any advances occasioned by this tension should be followed later by actual conditions surrounding each individual commodity.

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CHICAGO, 4

May 17, 1960

The fact that commodity markets are sensitive to public opinion was displayed in an exaggerated fashion yesterday. Political tensions stemming from Khrushchev's statements in Paris created a mild furor in many commodities and–price rises seemed extreme at their high point in view of individual grain statistics. At least some reactions occurred, and it appears unlikely that further news emanating from the Summit meeting would have a similar effect. The stock market was more indifferent, as there is little likelihood that war is imminent, and as a matter of fact, the entire incident might prove to be a good thing in that we realize more clearly the type of adversary with whom we are dealing and how dangerous it can be to drop our guard. The so-called cold war no doubt will continue but experts seem to agree that the Russians are as eager as we are to avoid an open conflict, and many of their actions stem from their desire to score propaganda victories.

Soybeans were most influenced by yesterday's buying but it may be that the strength in oil would have firmed beans without the news from Paris, as a better foreign demand has been displayed for this product. Cash meal on the other hand is still selling at a discount below the futures, and a report issued yesterday shows the smallest egg-type chicken production for April since records began in 1955, and production the first four months of 1960 was 33% below a year ago. This will be an important item, insofar as meal consumption is concerned, as it is a major feed ingredient for chickens.

Rainfall was general thoughout the corn belt and quite heavy in many areas overnight. This will cause some further planting delays. It should be noted that May is historically the wettest month of the year, but there is little reason to be concerned yet, as corn and beans have often been planted during the month of June. An article in the weekly Soybean Digest talks of a stepped-up demand for seed, and in some cases local shortages of some varieties exist, but world production of this commodity in 1959 is estimated at 958 million bu, of which all but about 70 million bu was raised in the U.S. and in Mainland China. These two countries normally account for about 95% of all the soybeans and oil that enter world trade. According to a private source most of the oats have now been planted in the Northwest and the crop outlook for this and other grains is good.

The situation in the Southwest regarding wheat must have had some influence on the Chicago market. Many of the May longs liquidated when they saw the weakness at Kansas City, where May once traded about 20¢ over their July, and is now only at about a 5¢ premium. It is still anyone's guess as to the final outcome of our old crop contract, but it is believed that most of the Chicago stocks will be accounted for by the time new crop moves in July. Thursday is the last trading day and should May decline much further in relation to July, mills might well take and grind additional quantities of red wheat.

During the week free stocks of wheat in Chicago decreased 260,000 bu, leaving 1.9 million bu in this market. Of this amount 1,150,000 are in deliverable position. May wheat was very weak during the session as general liquidation occurred, and with an open interest of almost 13 million bu as of yesterday's close, this future could continue erratic until its expiration. Soybeans were some higher earlier in the session but best prices did not hold. Some export sales were announced followed by hedge lifting. The CCC in Minneapolis sold 90,000 beans overnight at their formula price of 20¢ over the loan. Corn reacted later in the day as additional sales of bin-site grain are being offered by CCC as well as additional offerings of free corn by first hands. Chicago free supplies of this cereal decreased over 1/2 million bu, leaving less than 7.9 million bu in Chicago elevators. Rye was weaker in the absence of new buying.

The visible supply of wheat decreased 1,132,000 bu during the week. Primary receipts totaled 739,000 bu, a slight increase over last week but smaller than a year ago when they were 1.1 million bu.

Markets on the whole were much quieter today though the news from Paris is still indefinite as to whether or not the four heads of state will get together for top level conferences. Certainly a feeling of pessimism exists as it appears as though little will be accomplished of a constructive nature.

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CHICAGO, 4 May 18, 1960

Summit talks collapsed after Khrushchev refused to meet with visiting chiefs, but instead preferred to roam the parks of Paris like a little boy who left the party because he could not play with all the toys. There are deeper implications, of course, to his actions, because what we face today is not just "cold war," not just a struggle for the control of land, sea, air, and even outerspace, but total competition for the control of men's minds. Unless we meet this challenge and defeat it, we shall almost inevitably one day face total destruction. Unfortunately, in country after country, faith and moral principle are ruthlessly ridiculed. The belief that man has inalienable rights is rudely shaken-- with iron fists they hammer down all who would oppose them in God's name or in the name of humanity. We believe that the free nations of the world are fully mindful of the seriousness of this crisis, and that they are well aware that there can be no compromise with evil such as this.

Before our market opened this morning, there were reports fromthe corn belt that planting was about a week late in Illinois and that only one-fifth had been planted thus far compared with three-fifths by this date last year. In Iowa, only 20 to 25% of the 1960 acreage had been planted as of Monday, whereas last year 40% had already been put into the ground, and on the average slightly more than one-half of the planting is completed by this date. Thus further rains, if they develop, (and which are expected according to the 5-day outlook) may create worries on part of farmers, particularly in the event that we have an early frost next fall. Soybeans are not quite in the same category as they can generally go into the ground at a later date, but insofar as Iowa is concerned, less than 5% of the acreage has been planted up to now, while the average is 20 to 25%. Under these circumstances, crops are more at the mercy of weather than in other years, and the elements will play a more important role than they have during the past few years. Rains which have occurred in the southwestern areas have been very beneficial for winter wheat, and generally speaking crops are making good headway although in Kansas maturity is somewhat behind average. Last week's weather was ideal for row-crop planting and by last Saturday 53% of the corn had been sown. The planting of sorghums and soybeans had also made progress.

Poland bought 500,000 bu hard wheat for shipment via the Gulf, and Japan bought a million bu of western white wheat, neither of which had too much influence on our market. Brazil is inquiring for offers on 3 millionbu hard wheat for June shipment, the reply to come by Friday of this week.

Primary receipts of wheat are 483,000 bu vs 726,000 last week and 746,000 a year ago. Kansas City and Minneapolis so far this week show a decrease of 73,000 bu.

Trade was not near as heavy as it was yesterday when considerable liquidation took place in May wheat and the open interest declined by as much as 4 3/4 million bu. It left 8 million bu at the opening of the market this morning still to be settled in the pit or completed through delivery. When bulges occurred from time to time there was some selling by longs who apparently wanted to even up their commitments. Flour business was very slow, but mills claimed that there was a slight increase in inquiry on part of bakers. Commercial volume was rather small but the deferred wheat futures kept up pretty well despite optimistic crop prospects. Corn was firm for a time, and this may have been a reflection of adverse weather although the noon forecast was not quite as severe for rain as the earlier prediction. Later in the session we learned through our St. Louis Office that Commodity had sold about 50 cars of corn on the spot market there yesterday, and in Kansas City 100 cars of various grains but mostly corn. Holland was reported as having purchased 10,000 tons of soybeans for November shipment, but early strength in the bean market was met by realizing sales, and the close was somewhat lower. Rye also declined, and there is not any appreciable amount of support coming into the market at the present time.

Despite the fiery remarks of Premier Khrushchev, the grain markets paid very little attention to his impassioned warning that further American spy flights over Russia would inevitably lead to war. In a rapid series of angry statements and threats, he threatened to renew nuclear bomb tests, to end the general disarmament talks, and to reopen the Berlin crisis at a time of his own choosing.

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DAILY MARKET LETTER

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CHICAGO, 4 May 19, 1960

Soviet Premier Khrushchev staged an amazing press conference in Paris yesterday, which lasted for 2 1/2 hours. There was something frightening in the tone of his remarks, -- the similarity of his accents reminding us of the oratorical passion of Hitler at the height of his power. Our country must remember that 184 years ago, 56 men signed the Declaration of Independence knowing they might well be fastening the hangman's noose around their own necks. Our problems today call for greatness and courage, just as insistently as did the period of 1776. Just as then, a new age is dawning today. The world has suddenly become so small that all nations and all men are next-door neighbors. Just as our great-grandfathers 184 years ago stood proudly for freedom in their new-dawning era, so today we must brace ourselves to the building of an epoch in which liberty can truly live. It is a fact that the Iron Curtain countries are making great strides under forced draft. However, science and technology have always flowered best where freedom prevailed.

The weather map appeared quite unsettled and a fair amount of moisture is expected over the corn belt, with rather substantial amounts likely for Illinois. Moisture will also travel to the Southwest, which according to most reports is ideal for winter wheat. In Europe rains have been beneficial in some countries, although inadequate moisture supplies continue and there is need for early rain to prevent deterioration. In France, it has been hot and stormy but the moisture was mostly in the north, so that precipitation is needed in other sections of that country. Western Germany has also been mainly dry, so that subsoil moisture deficiency is causing concern. It has been warm in Italy and the outlook is favorable with most sections claiming sufficient moisture supplies. However, earlier adverse conditions have done some damage. In Canada, there was some light moisture received this morning over northern and central Saskatchewan and throughout Manitoba.

When our market opened this morning, there was a rather light trade in wheat but a little scattered selling in May. Apparently both longs and shorts were starting to even-up commitments, as many traders had waited until the last day, so that it was a foregone conclusion that fluctuations would be wide during the session.

According to the last report, pastures are better than last year and prospects for the new hay crop are good. The condition is estimated at 87% of normal compared with 83% last year and an average of 85%. As an offset, however, hay stocks on farms May 1st were down to 17 million tons, which was one-third below the huge carryover of a year ago. The sharp reductions apparently were in all regions of the country. Increased livestock numbers, poor winter pastures in the South, and delayed spring forage growth in central and eastern sections forced stock men to dip heavily into stored supplies.

Primary receipts of wheat amounted to only 623,000 bu, which compared with 947,000 bu last week and 779,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 166,000 bu. According to Broomhall the U.S. wheat and flour shipments during the week were a little over 6 million bu, and the total since July 1st was 416.6 million bu, or an increase of 37 million bu over last season at this date.

When the open interest was circulated, it showed that there was nearly 7 million bu of May wheat open before today's session began, and about 6 1/2 million bu of soybeans. There was a very large trade, but some people elected to wait until the last few minutes before closing their commitments. Flour business was of small importance with many mills indicating bakery volume at hardly 10% of capacity. Commercial business was small although Holland bought 4,000 tons of soybeans and France was in the market for a cargo, shipment for June and July.

The greatest activity was in May wheat, and in the final minutes of trade there was a 10¢ break with belated longs overstaying their market, and apparently insufficient demand to take care of the selling. Beans also lost some of their early gain, but fluctuations were tame in comparison with wheat so that trade was quite orderly considering the heavy amount of evening up. There was relatively less excitement in other pits, but May rye shorts were compelled to bid prices higher.

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CHICAGO, 4 May 20, 1960

Yesterday's last-minute break in the expiring May wheat contract was largely technical. Some indication of impending weakness had been displayed during the past few sessions. Only small amounts of red wheat remain in local supply but no sizeable demand has been present. Mill interest was scattered and even though commercial users will take part of the deliverable stocks, they had in most cases previously arranged commitments and only because of the late price decline were they willing to take on additional quantities. New crop months were little affected. Though the first-run of harvested wheat will be in good demand, hedging pressure should expand later on, so that it seems a little early to accumulate futures despite their present discount below the loan.

Other May futures expired in a more orderly fashion. Nearby May beans, for example, traded at about 1¢ under July; however, the latter will be influenced more by the products and the amount of cash selling during the coming months. Through April 30th, 8 million bu of the 53 million placed under loan had been redeemed, and as farmers have until the end of May, additional quantities undoubtedly will come out.

Impoundings of corn increased only 20 million bu during April and now total 463 million bu. 7.9 million bu has been redeemed thus far, and with country prices in some areas close to the support level, smaller amounts are being entered into the government program than originally had been thought. May corn firmed at the end yesterday, despite the sizeable deliveries, which persisted through last night. This grain does not seem to go into strong hands, and it appears as free market selling, as well as CCC offerings, are currently adequate to meet the demand. New crop corn months are still firm, as wet weather is forcing delays in planting and reports are rather general now that some of the acreage intended for this crop might be diverted to soybeans. The 5-day forecast calls for general, and in some cases, heavy amounts of rainfall.

It is interesting to note that almost 18 million bu of wheat was redeemed during the month of April, mostly in the Southwest where cash prices earlier were often above the gross government loan level. May rye expired in a strong fashion as some interest seems to have developed for Chicago stocks of this grain. Though the next crop will be larger than last year, it will be located in areas which will limit the likelihood of shipment to our market. At the same time the Canadian import quota will be smaller than last season, and as time goes by continued support could be witnessed for this grain. It is also likely that exports during the next 12-month period will be larger than this season when they were comparatively small.

For the most part growing conditions for winter wheat remain quite good in the Southwest, according to the Quaker Oats Co. summary. There are some dry areas in the Texas Panhandle and Oklahoma, but recent rains have drenched eastern Kansas and Oklahoma. In the Central States, where soft wheat is raised the crop appears excellent everywhere. In the Pacific Northwest, conditions have been mostly ideal and prospects are looked upon optimistically. Corn and soybeans have been planted in southern states and are growing satisfactorily but as we have already stated, farmers are at least ten days behind schedule in the large producing areas of the corn belt.

The open interest remaining following the wind-up of trading in May contracts includes 1,195,000 bu of wheat. The 700,000 bu corn and part of the 655,000 bu of beans still open were settled by delivery. Markets were back to normalcy today influenced more by individual grain news. New crop corn made season's highs because of the weather, and oats were lower for the same reason. This crop is planted and the current moisture should help increase yields. However, the outlook is still for reduced output because total acreage has been cut. Though dock strike negotiations have broken off, the unloading of barges and loading of steamers by grain elevators is continuing in most cases as longshoremen evidently are not required for this work. Some wheat was cut around Wichita Falls, but rainfall has brought a halt to harvesting. Most of the crop will not mature for a few weeks yet.

Primary receipts of wheat totaled 622,000 bu vs 821,000 last week and 1 million bu a year ago today. Kansas City and Minneapolis stocks decreased 401,000 bu this week. When the visible is posted Monday, it will compare with a decrease of 3.5 million bu in 1959.

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[illegible] heavily. Some indications of improving [illegible] small amounts of [illegible] wheat [illegible] has been present. Still interest was scattered and even [illegible] users will take part of the [illegible] in most [illegible] corporations and [illegible] willing to [illegible] and quantities. [illegible] the first run of harvested wheat will be [illegible] expand later on, so that it seems a little early to [illegible] discount below the loan.

[illegible] May futures [illegible] end in a more orderly fashion. March, May bases, for example, traded at about [illegible] under July; however, the latter will be influenced more by the products and the amount of [illegible] during the coming months. Through April 30th, 8 million bu of the 53 million [illegible] under loan had been redeemed, and as farmers have until the end of May, which [illegible] quantities [illegible] will [illegible].

[illegible] corn [illegible] only 59 million bu during April [illegible] total 463 million bu. 7.9 million bu has been redeemed thus far, [illegible] in [illegible]

[illegible] and [illegible], despite the unfavorable [illegible], which persisted through last week. This week, does not seem to [illegible], and it [illegible] marketed [illegible], as well as [illegible]. [illegible] months are still [illegible], as wet weather is [illegible] planting and reports are rather general now that some of the [illegible] to soybeans. The heavy [illegible] general, and in some areas, heavy amounts of rainfall.

It is interesting to note that almost 15 million bu [illegible] during the month of April, mostly in the Southwest [illegible] above the [illegible] level. [illegible] seems to have [illegible] for Chi[illegible] this spring, [illegible] crop will be larger than last year, it [illegible] the likelihood of [illegible]. At [illegible] will be smaller than last season, and as [illegible] for this grade. It is also [illegible] will be [illegible] than this season [illegible]

[illegible] growing [illegible] winter wheat [illegible] the [illegible] (Oats Co. summary). [illegible] dry areas in the Texas Panhandle and [illegible], but [illegible] Kansas and Oklahoma. [illegible] appears excellent [illegible]. In the Pacific Northwest, conditions [illegible] has been [illegible] in [illegible] areas of the [illegible] belt.

The open interest remaining following the wind-up of trading in May contracts [illegible] 133,000 [illegible]. The [illegible] were settled by delivery. [illegible]

[illegible] current [illegible] should [illegible]

[illegible] the unloading of barges and [illegible] is continuing, in most cases as [illegible]. [illegible] wheat was not [illegible] until [illegible] to harvesting. Most of the crop will not [illegible] receipts of wheat totaled 925,000 bu vs 931,000 [illegible] Kansas City and Minneapolis [illegible] period Monday, [illegible]

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CHICAGO, 4

May 23, 1960

Since India has become the largest importer of U. S. wheat, we think it might be well to give some of the reasons why they may be an important factor for the next decade, at least. First of all, grain comprises two-thirds of the Indian diet. With population increasing by nearly 8 million annually, well over a million tons of additional food grains are needed every year to satisfy minimum requirements. At the same time the per capita consumption is also showing a tendency to rise from the present subsistence level. India should never have been an exporter of grain even before the war when almost a million people were dying of starvation every year, but export shipments were contracted in order to get many of the other needed commodities necessary for living.

India became an independent nation in 1947, and ever since has been in the midst of a momentous transformation. It is at the present time the world's most populous Democracy and its 400 million people live in an area about two-fifths the size of Continental United States. Now that such large amounts of food are being shipped to them and the mortality rate is declining, it is thought that by 1970 she will have a population of 500 million people. Farming throughout India is hazardous due to variations in rainfall and nowhere else in the world are as many people so dependent on the pattern of seasonal moisture as in that country. The extent and timing of the life-giving monsoon rains influence the distribution of population and crops, the state of internal business, and even the pattern of foreign trade. The greater part of India's annual rainfall is concentrated in the period from June through September, when moisture-laden monsoon winds blow in from the Indian ocean.

Over 70% of the people are peasant farmers living in more than a half-million small villages. Primitive agricultural methods account for poor yields, but there are other factors also, such as insecurity of land tenure and lack of credit and marketing facilities, which have been additional handicaps. Poor seed and depleted soil have been responsible for keeping Indian crop yields among the lowest in the world. Poverty and illiteracy which havebeen prevalent for centuries still limit the pace of advance. The typical farm is a subsistence operation of about 3 acres, morelikely than not spread into widely scattered small plots. Nearly half of India's population is crowded into the Ganges River Plain, and here it is possible to harvest two crops a year of rice and other grains. In contrast the Deccan Plateau which occupies most of the peninsular India, is generally suited only to drought-resistance-crops, such as broom corn and millets.

Before our market opened this morning, there had been reports from the corn belt that further rains were received over the week-end. Moisture, however, was heaviest around the lakes, and in Iowa not much rain fell; in fact, some fields are being plowed and worked this morning. We are told that in central and southern Illinois farmers will try to work again this afternoon.

In the meantime there was a crushing report by the Census Bureau, which showed a reduction of 1 1/2 million bu as compared with both last month and last year. Meal stocks are a little larger than for either of the above periods, but there is not much change in the quantity of crude oil on hand. According to the Searle Grain Company, Ltd., Winnipeg, report, moisture conditions for the Canadian Provinces compare favorably with last year, but in Europe crop conditions are rather spotted, although up to now there have been very few complaints of any serious nature. Moisture deficiencies are a threat to crops unless corrected very soon.

Chicago wheat stocks during the week increased 42,000 bu to nearly 2 million bu. Corn declined by about 400,000 bu and there was a shrinkage in bean stocks of about 500,000 bu, leaving nearly 5 1/2 million bu here.

Trade was not particularly active. Early weakness in wheat found supporting orders to buy, and toward the close prices were not much changed. Corn and beans were lower. The weather seems better although according to the 5-day forecast we may have more rain by Wednesday or Thursday. There was not much commercial business and most flour business was extremely light. In the export field there was talk of a sale to India, and during the session we noted some buying of July which may have been against this trade, which covered 34,000 tons hard wheat for June shipment via the Gulf. Rye was weak, but we heard no special news.

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CHICAGO, 4 May 24, 1960

The political repercussions stemming from the collapse of the Summit Conference will eventually subside but the economic implications could have a profound effect for some time. We may be entering a new era of foreign diplomacy and one through which Russian policy could materially influence the American business scene. Certainly defense spending, though not enlarged, will remain steady, and reductions in the budget and taxes do not seem probable in the foreseeable future. We are all now aware of the importance of national defense to thwart the Communist threat and the remoteness of a halt in the arms race. There seems to be little chance for disarmament at this time, since our economy probably will stay geared to the nuclear and rocket age, and inflation undoubtedly will remain a very natural part of our lives. It may be that we will have to tighten our belts domestically in order to continue the spending necessary for defense and maintaining foreign policies, as deficit financing will be constricted only if we become more frugal. Our form of government will be called upon to out-perform the Communist system, and we must be skillful, thrifty, and efficient to succeed.

Russia is engaged in a global economic battle that is in its infantile stages but has already previewed what can be expected in the years ahead. They currently sell large quantities of crude oil strategically to free nations at prices not only below American offerings but at large discounts below which they sell to their own satellite countries. Though production of key goods in Russia, such as oil and steel, etc., or even food articles, is well behind that of the U. S., the ratio is lessening and they are making strides in the fields where they concentrate their energy. At the same time they manage to trade these goods for strategic materials, while conversely, the U. S. often gives away or sells for foreign currencies, which is of little help except for the promotion of local projects in the various countries, with which these negotiations are made. At present we are fortunate that we have a more balanced economy, higher living standards and a head start in "know-how." It would appear as though we could maintain this lead, if only we can eliminate waste, apply our experience, and use common sense instead of political expediency in getting things done.

Along with record amounts of feed grains this past year, disappearance was at a new high rate during the first half of the 1959-60 season, and it is expected that it will remain heavy in the next half of the feeding year. Corn disappearance will be around 250 million bu greater than last year's heavy usage, but even so the carryover figure next October 1st is expected to be 1.9 billion bu vs. 1.5 billion the same date in 1959. Reserve stocks of oats and barley on July 1st will be below those of a year earlier even though oat disappearance has been 13% less domestically than the first nine months of the previous reporting period. Indications are that the acreage planted to this grain is about 5% less than for last year's crop, and reductions might well be larger in the heavier producing areas. Generous rains in recent weeks should increase yields, however. On basis of preliminary figures, it might be calculated that total supplies of oats on July 1st would be close to 1 1/4 billion bu, almost all of which will be consumed during the ensuing crop year.

Following a slight increase, free stocks of wheat in Chicago now total better than 1.9 million bu. Free corn supplies decreased 618,000 leaving 7 1/4 million bu. The visible supply of wheat decreased 3.3 million bu during the week.

Markets were very quiet throughout the session though beans and corn were easier. The late forecast indicates showery activity over the corn belt, but it is not definite as to how extensive rainfall might be. In the meantime some farm work is being accomplished. Nearby beans were lower as the products were under some pressure early though it is thought that exports for last week probably were considerably above the 1.6 million bu cleared during the same period last year. Except for a few sales of wheat today, export interest was spotty. According to The Southwestern Miller a vigorous demand developed in hard winter premiums as mill buying has picked up and offerings are evidently light. Though it is early for harvesting operations in that part of the country, some wheat had been cut before the recent wet weather, and as soon as skies clear further threshing will be done. New crop futures are at a large discount below the loan, but in the face of the movement of winter wheat it might be best to purchase on soft spots.

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[illegible]

The political repercussions [illegible] from the outlines of the [illegible] will eventually subside but the economic implications could have a [illegible] impact for some time. We may be entering a new era of [illegible] through which Russian policy could [illegible]. Hence the American [illegible] has ended. Certainly defense spending, though not enlarged, will remain steady, [illegible] in the budget and revenues [illegible]. We are all now aware of the importance of national defense to [illegible] the [illegible] of a [illegible] in the arms race. There seems to be little chance for disarmament at this time, since our economy probably will stay geared to the nuclear and rocket age, and inflation undoubtedly will remain a very real part of our lives. It may be that we will have to [illegible] in order to continue the spending necessary for defense and maintaining [illegible] forces, as deficit financing can be considered only if we [illegible] government will be called upon to [illegible] from the communist [illegible] must be skillful, [illegible] to succeed.

Russia is engaged in a global economic battle that is in its [illegible] recently sold large quantities of crude oil strategically to [illegible] nations at [illegible] American [illegible] their own [illegible]. Though production of [illegible] in Russia, [illegible] and even food supplies, is well behind that of the U. S., they are [illegible] and they are making strides in the fields where they [illegible] energy. At the same time they manage to trade these goods for strategic materials, while conversely, the U. S. often gives away or sells [illegible] the production of [illegible] are made. At present we are fortunate that we have a [illegible] economy, high standards of [illegible] and a [illegible] "showdown." [illegible]

Along with record new crops of feed grain this past year, [illegible] was at a [illegible] rate during the first half of the [illegible] season, and it is expected that it will [illegible] in the next half of the feeding year. Corn [illegible] will be around 200 million [illegible] than last year's [illegible], but carryover [illegible] next October 1st is expected to be 1.6 billion [illegible] in 1961. [illegible] stocks of oats and barley [illegible] of a [illegible] the first [illegible] of the [illegible] the [illegible] of grains [illegible] in the [illegible] producing areas. [illegible] in recent weeks [illegible] yields, however. [illegible]

[illegible] to 1 1/4 million bu, [illegible] during the month.

Following a [illegible], [illegible] in Chicago [illegible] 1.1 [illegible] 818,0[illegible] million bu. The [illegible] of wheat increased 3.[illegible] million bu [illegible]

Markets were very [illegible] throughout the [illegible] and [illegible]. [illegible] over the [illegible] Nearby [illegible] the 1.8 million [illegible] during the [illegible] export [illegible] demand [illegible] part of the country [illegible]

DAILY MARKET LETTER

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CHICAGO, 4

May 25, 1960

During the past seven years this country has moved more than $17 billion worth of surplus commodities into use. Besides this we have donated more than 13 billion lbs of surplus foods to U.S. citizens and to needy people in over ninety countries. We have exported during the past five years over 1.4 billion bu of wheat under P. L. 480. In spite of these tremendous efforts to reduce surplus commodities, the government's total investment has climbed to $9 billion, and by June 30, 1963, under present laws the USDA expects the government stake in farm surpluses to climb to about $12 billion. Under programs of this kind we are bound to have enormous costs for handling, conditioning, storing, and transportation of such a sizeable accumulation, despite the small saving which has been effected through storage rate reduction. When we take into account the amount of money needed not only for storage but for transportation, interest, and handling of these surpluses, it is costing the nation over a billion dollars a year, and of this large sum very little ever goes to farmers whom we are trying to help. It is high time that we find programs far different from those that have been adopted up to now. Very definitely the chiselling of a few storage costs to the very people who helped the government to take care of this surplus has not and will not be the answer to our problems.

According to the last government report, the U. S. rye crop promises to be 3 percentage points better than average. For the years 1948 to 1957, we raised average crops of 22 1/2 million bu, of which 10 million, or nearly half, was produced in Minnesota and the Dakotas. In former times, when freight rates were moderate, a good deal of this rye moved to Chicago. This is no longer the case; we now depend very largely on the comparatively small amounts that are produced in Indiana and Illinois, with those two states accounting for about 2 million bu, with an occasional shipment from Missouri River points or possibly from Nebraska, where driblets have come here when they raised in the neighborhood of 2 million bu or more. In the main Chicago has had to depend on its accumulations from Canadian imports, which over a period of years were set under quota at 3 1/3 million bu. Last season because of a prohibition which was placed on the statute books too late to be entirely effective, we imported about 50% more than normally. Not all of it came to Chicago. By the same token, it will cut imports for the next twelve months, starting July 1st to about 1.6 million bu. Even with last season's heavier inbound movement from Canada, Chicago stocks are now less than a million bu. In our opinion they will not be as large as we have seen them in recent years, particularly as there is always some demand from distillers and from others who occasionally make inroads on the Chicago supply. As long as freight rates remain so high, we think that the domestic rye movement to Chicago will be curtailed the same as it has been in wheat, with very little moving here from the Southwest, even by barge.

The primary movement of wheat was very light today and amounted to only 532,000 bu but this was a shade more than last week when receipts were 483,000 bu, and it compared with 929,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 202,000 bu.

There were early reports from Iowa that the state as a whole had been hard hit by thunderstorms accompanied by gusty winds, hail and heavy rain. The thunderstorm activity is expected to be rather heavy this afternoon and tonight through much of the Plains and Mississippi Valley regions. Therefore it was not surprising that new crop corn futures were strong, and as we indicated sometime ago with the season about 9 days late in Illinois and only 1/3 of the corn planted by last week-end, we are of the opinion that corn can be bought against the sale of beans. The Kansas state report spoke of drought in southwestern counties and that rain would be needed to maintain the present good condition of the crop. Some wheat harvesting in the Fort Worth area was reported, and yields generally are good to better than had been expected. According to Broomhall beneficial rains were received in a number of European countries, and over-all crop outlook has shown some improvement. However, reserve supplies remain deficient in a number of areas and more rain would be welcome, especially for spring grains. The wheat market encountered some buying on resting orders and we had a light trade, but a rather firm undertone. Beans, after early indifference, rallied but there was no special feature to the market, and it is generally felt that there is plenty of time yet for planting.

UHLMANN GRAIN COMPANY

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CHICAGO, 4 May 26, 1960

A prominent economist has published some statistics that are quite interesting, and make us realize that the task of giving aid to a large part of the world may be with us for some time. We have become accustomed to thinking in terms of "billions" as our financing is done on this basis. A hundred million dollars' worth of federal expenditures no longer seems substantial, as we are committed to spend around $80 billion per annum. Our national debt amounts to nearly $290 billion. The American public invests every year some $30 billion in plants and equipment and the gross national income is now in the neighborhood of half a trillion dollars per year. Earnings of people in the U.S. are probably one-third higher than all other nations combined, but our total debt is more than double the rest of the world and is rising all the time.

No person would thinkingly invest money in a privately-owned corporation where large amounts of capital are employed for gainful use unless some indication of profit were given. Management is a primary factor, and the organization must operate in the black or not stay very long in business. It would then seem logical to formulate the same sort of policy in running our government where so many billions of dollars are involved and the complexities of management are almost incomprehensible. As the world's largest exporter, we have witnessed shrinking sales year after year. We have the greatest gold reserve, but it is now at its lowest level since 1939,and still diminishing. We enjoy the world's highest standard of living and have the highest tax obligations. We lead the world in technological progress but through crippling strikes and demands by labor groups, workmanship in many areas has deteriorated. As children adjust themselves to their environment, heads of households handle their monetary matters on basis of the type of economy under which they live. People borrow and owe, as does the government, and one influences the other, which has led to inflation. Since economic problems are predicated largely on moral attitudes, the big spenders should consider their responsibilities to the society they represent rather than pressure groups that often misrepresent.

Though a good deal of moisture was received over large parts of the corn belt the past 24 hours, the weather map shows a high pressure front behind the present disturbances. It could be that we will enjoy a dry week-end, and if no additional moisture falls next week a good deal of the spring planting work might be extended.

On basis of the previously announced national farm average loan for wheat of $1.77 per bu, the main terminal rates have been announced as follows: $2.06 for Chicago and Kansas City, basis No. 2 hard. Since parity is presently 2¢ higher, that amount must be added to the support rate and this compares with $2.11 for these two markets last year. Though rains have delayed planting in Canadian Provinces in recent weeks, some progress was made in this region last week and where the ground is seeded, plants are germinating well. Moisturereserves are generally excellent.

Corn was a shade easier as country offerings are fair, and the CCC continues to sell corn, including fair amounts from bin-site. A report from Central Illinois says that a few farmers are cancelling seed corn orders with the intention of putting their acreage to beans. Though this may be true because the planting season has been delayed, The American Soybean Association says that many farmers still intend to plant corn heavily, weather permitting. A prominent seed company said that hybrid seed should not be exchanged for earlier maturing varieties as experience has demonstrated that the former can be planted until about June 10th with maximum returns. Corn planted June 1st will tassel only about a week later than corn planted May 1st, and this would be especially true this year as ground conditions are generally excellent.

Though trading was very quiet, soybeans were a shade lower influenced again by the products. Processor shut-downs are prominent in the news as there seems to be concerted effort to adjust soybean meal output to market demands. During May of 1959 over 36 million bu of beans were crushed, and it appears as though the figure for the current month this year will be reduced. With additional loan redemptions likely and such a large open interest in the July bean future, this market could decline. Wheat was about unchanged with little flour or export interest at the moment preliminary to the holiday weekend.

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CHICAGO, 4 May 27, 1960

It is most encouraging to note that some of the countries that have tried experiments in agriculture under government domination and supervision are beginning to turn. For example, in Pakistan, a country which is initiating its second 5-year plan this July, it was just recently announced that marketing facilities will be improved by placing greater reliance on free market forces. The government envisions the return of the wheat trade to private hands. The same is true in India, despite the recent huge pact that was signed between their country and ours to buy nearly 600 million bu of wheat over a 4-year period on basis of the Indian rupee. India has practically abandoned state trading in food grains after two years of control. The state governments requested the central government of India to give up control as this shortlived experiment revealed the difficulty of controlling grain prices, because control must cover not only price but production and distribution. The conclusion drawn by the state governments is that grain prices must be allowed to be governed by supply and demand factors.

In our own country most of the agriculture is free and doing fairly well. Four-fifths of the American agriculture is free of controls today. We produce 250 commodities commercially but there are only 5 that are under controls. Yet it is these 5 that are causing so much of the trouble and the accumulations seem to be growing steadily, owing to the fact that artificially high prices increased production beyond the commercial demand even at a time when we are using every available means of shipping surpluses out of the country. The biggest essential in our view is to give greater economic freedom back to farmers and especially to get rid of the government's strangle-hold on wheat, cotton, and some of the other basis commodities. We should realize in formulating new policies that our livestock and livestock products are free. It is also true today that these products bring in 56% of the farm cash income nationally. In Iowa, one of the largest states, livestock and livestock products bring in over 80% of the farm cash income, and in Wisconsin the figure is 90%. Surely it is far better for farmers as a whole if they be allowed to make adjustments for themselves than have the government attempt to make their adjustments for them. We have learned that it is impossible to run farms of this nation efficiently from a desk in Washington. Therefore, we should struggle to rid wheat and cotton of the controls, which are causing loss of markets-- one of the farmers' greatest assets.

Weather seemed to be a little more favorable in our opinion, and while there may be some light showers these should be followed by a few days of clear skies, which are so necessary to permit corn planting and later the beans. The Quaker Oats Company spoke almost alarmingly of the present situation, claiming that in most areas not a great amount of planting progress had been made during the past two weeks. Some land they believe will not be workable all season. On the other hand they admitted that some areas had fared better, and in western Iowa probably 65% of the corn and 30% of the soybeans had been sown. Also, in Kansas, Nebraska, and South Dakota, conditions are only a little behind schedule. During the last week wheat and flour shipments, according to Broomhall, were nearly 6 million bu, and the total since July 1st has amounted to 427.6 million, which is an increase of 43 million bu over last season.

Primary receipts of wheat were a little better at 724,000 bu which was slightly more than last week and compared with 984,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 465,000 bu. When the visible is posted next Tuesday it will compare with last year's shrinkage of 3.1 million bu.

Trade was a little better but this was no great accomplishment as yesterday the total in all pits was only 15.7 million bu of which 2.6 million comprised wheat. Corn was firm, and the trade tended to even up before the extended holiday, although the mid-day forecast was quite favorable. Beans were higher in sympathy with products, and the July future seemed to be a little stronger than the more distant months. Rye was firm, but there was no special feature. Wheat seems to be without trend. There is no pressure on the market but at Fort Worth 11 new cars were inspected, and we are told that in that area the yields are somewhat better than anticipated. Early protein returns are slightly higher than last season. If the weather should remain clear in north Texas and southern Oklahoma, harvest will get in full swing over the weekend.

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CHICAGO, 4

May 31, 1960

The most important feature in the market at present is the weather. This has been one of the wettest springs in recent history, and earlier oat planting was delayed because farmers could not enter fields. This was in part due to late thawing and heavy snows being slow to disappear. The acreage seeded to oats consequently was reduced, and it had been thought that much of this land would be diverted to corn and soybeans. This will be true though the extra acreage may go mainly to beans as further rainfall has kept many fields rather wet, and corn planting has been similarly delayed. Some moisture was received in varying amounts throughout the corn belt during the holiday weekend. Southern Illinois and sections east received the largest amounts while farmland in Iowa is being utilized for planting today. Since a good deal of sunshine was mixed with weekend showers, field work in other places was accomplished, and the forecast suggests mostly sunny skies the next two days so that additional work should be done. Generally speaking, corn plantins is about a week to 10 days behind schedule but unless wet weather persists, there is still time to complete most of the corn and bean planting operations. Where crops are growing, almost ideal ground conditions will help increase yields.

Showery activity in the Southwest will delay wheat harvesting in many areas for the time being, but it is early and the majority of the crop will not mature for a few weeks yet. In north central Texas and southern Oklahoma country stations already are crowded with loaded trucks. Protein is running higher than comparative early samples last year, and yields are also improved with most recent crop estimates being raised. For example, it is thought Kansas might combine a 240 million bu crop.

Late Friday parity prices for wheat and corn were announced and have been reduced 1¢ as of mid-May from the preceding month. The national average country loan rate now stands at $1.78 1/2 compared with $1.77 minimum. Corn is 3/4¢ above the $1.06 minimum.

According to Broomhall, general relief came over large sections of Europe last week relieving dryness. Some cause for concern has been expressed earlier over poor growing conditions in the large producing sections of the Soviet Union. Recent moisture has greatly relieved this situation and might eventually permit an exportable surplus.

Otherwise there was little grain news of importance before the opening this morning. Soybean oil was quite firm early as a better foreign demand was indicated. Spain will use larger quantities to blend with olive oil, and more fats and oils will be wanted for Japanese industrial and food consumption during 1960.

During the week Chicago stocks of wheat decreased 120,000 bu leaving a total of 1.8 million; almost all of this is free. Supplies of corn increased, but free stocks declined 161,000 bu so that 7.1 million bu out of the 27 million bu stored in local elevators is free corn. Oat supplies increased slightly to a total of better than 1 1/2 million bu. There is less than a million bu of rye following a small increase, and 115,000 bu cleared Ft. William for Chicago yesterday. Local bean stocks decreased 382,000 bu leaving 5 million bu in this market.

Today is the final date for soybean redemptions except that farmers may still withdraw this commodity from the support program assuming the beans remain on farms and have not yet been ordered by the CCC. Country prices net producers around 8 to 12¢ better than the loan so that total redemptions could be fairly large. Whatever soybeans are forfeited, the government agency is at liberty to sell immediately assuming they can receive the loan price plus 20¢. Our market was quiet and price changes were minor as pressure from first hands is moderate at the moment. New crop months were also about unchanged as bean planting will not expand on a large scale until after farmers have put corn seed in the ground. Receipts of the latter grain were fairly heavy locally though almost half of the arrivals in Chicago belong to the CCC. The prospect of the government having to move this grain between now and next fall's harvest making storage space more readily available leads us to believe that September could lose ground in relation to December.

Wheat was practically without feature and mills are offering in limited quantities until more is known about the new crop. They seem to be running at about 20% of capacity. There was little export business announced though some is in the offing.

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CHICAGO, 4

June 1, 1960

Before our government amassed the tremendous wheat surpluses, the trade took considerable cognizance of production reports from Canada because a large or a small crop in that country often made a big difference in our price structure. Now that we face a record carryover of nearly 1.3 billion bu, it cannot make too much difference whether Canada's wheat yield next summer will be 702 million bu, as it was in 1952, or whether it falls to 332 million bu, as was the case in 1954. However, to the Canadian farmer it still makes a vast difference even though they also have big reserve stocks. During the past ten years, Canada's average wheat production amounted to 490 million bu, and during the same period she exported on an average 289 million bu. In view of the fact that home consumption totals about 160 million bu, it is quite obvious that there was approximately 40 million bu per year which was added to the carryover reserve, but even a country of 18 million people could better bear the handling of large surpluses owing to the fact that the Ottawa government instituted a quota system whereby farmers had to keep supplies back in the country until they could be handled commercially at the head of the lakes or in consumptive centers. Whether the American farmer would ever stand to be so regimented and be told when he could sell his grain or when he could move it is a moot question.

On basis of last summer's wheat crop in Canada and the carryover reserve, she started with a total supply of 962 million bu. After deducting 160 million bu for home use and export shipments to-date, there is still available for next carryover or export nearly 581 million bu. Spring moisture in Canada is a matter that should give farmers no concern. Actually, the total moisture received from last September up to the present time places all areas in Western Canada in excellent shape to start the crop. On the other hand seeding progress has been on the slow side. In many places rains have been excessive, and seeding has been held up to a considerable extent, although there is no particular concern on this score. However, from now on every day that seeding is delayed will add some hazard to the final outturn. Even though seeding is generally behind last year, it is hardly later than in other years, such as 1955 or 1956. There may, however, be a tendency to reduce wheat acreage and to increase the plantings of barley, oats, flax, and particularly so the latter two. Up to now it had been thought that wheat acreage would have shown some slight increase.

Before our market opened this morning weather reports were scanned carefully, and with the exception of some Texas points it was mostly clear. This, of course, was favorable for the corn belt areas, where farm operations have been late but we are convinced that with modern machinery and techniques corn planting will be rushed as much as possible. Some scattered rains are indicated in the 5-day forecast and more moisture is expected again by the end of the week, so that we are not entirely sure of catching up or getting a full planted acreage. For Nebraska, in spite of early delays, by last Saturday nearly 70% of the corn was in the ground, and we are certain that similar progress occurred in other states. The Peavey report stated that Northwest crops at this time look good with the exception of southeastern Minnesota, where it has been too wet.

Primary receipts of wheat were almost a million bushels today which compared with 532,000 bu last week and 838,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 103,000 bu.

Trade was again extremely light. There is no hedging pressure yet from the Southwest, but we shall probably get some as harvesting operations continue northward although we doubt whether the market will weaken a great deal with prices this far under the loan. It is likewise quiet in soybeans, but with an open interest in the July future of nearly 62 million bu and large quantities of free beans around, we cannot help but feel that before long some of the longs will take the initiative, and accordingly we look for lower prices which should affect the deferred months also. Corn was a little weaker and weather at the moment is perfect. It is hard to tell whether the forecasters are guessing correctly when they foretell of rain by tonight or tomorrow over parts of the belt. Flour sales continue small-sized, and commercial business generally is slow. It was reported, however, that Pakistan was buying large quantities of hard wheat for June-July shipment at the Gulf, but it was difficult to see where any hedge transactions were involved.

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CHICAGO, 4

June 2, 1960

A bearish picture can be painted by analyzing soybean statistics. The present country price of this commodity approximates the CCC selling formula level of the loan, plus 20¢, in many areas. It is thought that redemptions have been fairly heavy, as farmers have been able to sell competitively at a price well in excess of the loan. Both producer and government-owned beans could be available for marketing during the balance of the season. Thoughthe USDA forecast a 400 million bu crush for the present crop year, about in line with the previous year, this schedule is not being maintained, as meal usage is currently lagging. A better foreign demand for vegetable oils is prevalent but is being supplied in part from surplus stocks, so that there is little likelihood of enlarging crushing operations. USDA also calculates the spread between soybean prices and the value of oil and meal at plants in Illinois at 6¢ during May. This is the poorest ratio in a long time, down from 19¢ in January, and considerably lower than what might be considered a profitable margin by processors. Though some of the crushing reduction may be offset by larger than estimated exports, the Department of Agriculture has indicated clearances of about 125 million bu for the season. Last week 2 1/2 million bu was shipped vs. 2.7 million for the same week in 1959, and since October 1st, sales are running 16 million bu ahead of last season's pace when finally 110 million bu was sold to foreign lands.

Acreage devoted to new crop beans will be larger than last year and combined with an approximate 45 million-bu reserve could give us record supplies next fall, assuming favorable growing weather. The open interest in July beans is almost 62 million bu, part of which no doubt represents longs who have switched from previously expiring contracts. This open interest, of course, will be evened before the end of July. Stocks of free beans in Chicago now total about 4 million bu, but with processors able to obtain country supplies more readily, a fair percentage of these local beans could be available for delivery next month.

Though some showers were reported in various parts of the grain belt overnight, they were not too heavy and a report from downstate indicates all the corn around Clinton section should be planted by tonight. The Weather Bureau's 30-day outlook for June, which is less than accurate at best, forecasts more than normal precipitation in the Great Lakes region, and subnormal amounts in the Southwest during the month. Though seeding operations are still as much as two weeks behind, the government weekly crop report issued late yesterday stated that mechanization equipment can easily overcome the lag in planting that exists. There is some talk that a few farmers might switch to earlier-maturing varieties of corn, and possibly may divert acreage to soybeans where the ground does not dry soon. In Illinois soybean planting is only one-fifth completed, which compares with the average when two-thirds is normally in by this date.

In recent days more rains fell in north central Texas and southern Oklahoma where wheat harvesting was interrupted, but activity may be resumed this afternoon. The Kansas state report says that this crop made good to excellent progress last week-end and is over 80% headed.

According to Broomhall U.S. wheat and flour exports since last July 1st have been 445.4 million vs 395.5 a year ago. Corn shipments since October 1st total 138.8 million, only a million bu above last year's figure as of this date, and sales of oats since the start of the season amount to 37.7 compared with 26.5 in 1959. Exports of rye total 4.5 million vs 8.2 million. Primary receipts of wheat total 413,000 which compares with 651,000 last week and 1.1 million bu last year. So far this week Kansas City and Minneapolis stocks decreased 111,000 bu.

A few foreign sales of soybeans have been announced the past 2 days and Pakistan is reported to have purchased 6 cargoes of wheat. There has been little evidence of hedge lifting in either pit, and the latter grain has had practically no range the past few sessions. Beans on the other hand were some easier though trade is very light. The weather seems almost ideal for development of oats, and prices for this cereal were lower today as yields can only improve with the recent combination of rain and sunshine. Corn is under pressure as country offerings continue adequate to meet the demand while the CCC sells from their stock, and the totals are fairly large. Good weather in the Northwest has improved the outlook for rye.

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CHICAGO 4 June 3, 1960

If one of the goals of legislators who favor aid to farmers is halting the trend towards large and commercial farming, they probably are waging a losing battle. In 1959, the labor input of all farms in the U.S. totaled 11 billion manhours, which is the lowest figure in any year in which this data is available, and is a continuation of a long-time downward trend. Many factors have contributed to this situation, mainly including mechanization, which has made possible the increase of large farms at the expense of smaller less efficient ones. Fewer hands can do additional work with modern machinery and equipment. Thus the number of workers has decreased. At the same time production has risen in some instances quite sharply, so that farm output per manhour now is four times as high as before World War I, which has made it impractical for all the 30 million people engaged in farming in 1940 to remain in this business, especially when the lures of industrial expansion to rural areas have attracted many people to good-paying jobs.

Agriculture in the U. S. has made amazing strides when we realize that Europe has sixteen times as many people per acre on farms as does America or Canada. Technology is less advanced in other lands, and for that reason production methods have not caught up with ours. Of course, the trend is similar, though slower, so that self-sufficiency, and in some cases surplus output, are both being attained in many countries.

As we know weather conditions have been almost ideal throughout the winter wheat belt, and with clear skies harvesting is now under way in northern Texas and south central Oklahoma. The Quaker Oats Co. discusses this situation and mentions that combines are also operating in the Gulf states and in the Carolinas, where some red wheat is raised. Though the crop may be as much as a week later than usual over much of the country, except the Pacific Northwest, growth during the month of May was for the most part exceptionally good. The same source has reversed their concern for corn and soybean plantings from last week's report, and now state that a good deal of progress has been made. No moisture was reported in the corn belt overnight. The 5-day forecast is optimistic, with only small amounts of precipitation in the form of isolated scattered thundershowers. When farmers get a chance they work unbelievably fast and could complete most of the field work, including soybean planting, over the week-end. Due to wet ground in small sections of north central Iowa and southern Minnesota, there probably will be some switching from corn to beans but on the whole not too much of this is anticipated.

Strangely enough, the Galvin estimate of winter wheat released this morning places production as of June 1st at 977 million bu, a reduction from both his and the government's forecast one month earlier. It had been thought by some private observers that increases would be shown in the Southwest, especially Kansas, but this does not seem to be the case according to this morning's report. Acreage planted to spring wheat is estimated at 13 million vs. 13.4 million seeded a year ago and the 10-year average of 17.8 million acres. However, soil conditions are very good and this source projects a crop of 253 million bu, larger than government indications, though the latter has given no bushel figure thus far,

The CCC continues to sell corn - for the week ended May 27th the Evanston Office alone reported almost 3 million bu including 1.2 million from binsites. Consequently this grain has declined. Rye was also lower today, and Washington officially reports that the import quota from Canada during the next crop year will be 2.5 million bu. This is larger than had been thought, but there is no way of reconciling these figures except to take them at their face value as released by the government. At the same time, weather in the Northwest is beneficial to growth of rye and some profit taking occurred.

Wheat rallied following Galvin's report, but settled back later. There has been little hedging pressure thus far but the early run is usually applied against previously made contracts. Flour business is dull. Soybeans firmed late in the day but it still appears as though the CCC will come into possession of comparatively small amounts of this commodity as free market prices are high enough to have enabled redemptions on a rather large scale. Supplies in Illinois, the largest processing state, may be quite small, but commercial users should be able to purchase beans in other areas and ship them to Illinois. When the visible supply of wheat is posted Monday it will compare with a decrease of 2 3/4 million in 1959.

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CHICAGO, 4

June 6, 1960

In the 1956-57 crop season, the U.S. exports of wheat and flour reached the highest level in history, and were 549 million bu. It should also be remembered that the average per-bushel export subsidy at that time was the greatest it has ever been: namely, 79¢ a bu, and we were only able to accomplish this feat by bringing wheat prices back to the competitive level of other surplus countries. In the season that is about to close, our shipments may range somewhere between 450 to 500 million bu, which is still a very good record, and it is estimated that the export subsidy will have been between 55 to 60¢ but, of course, the domestic price level is also lower. Wheat being a universal grain, which is grown in virtually every country, and in practically every clime, is also remarkable in another respect: namely, that it may be substituted in times of emergency for other grains. For example, during the war about 275 million bu of wheat was used for industrial purposes, mostly for the manufacture of synthetic rubber. During this same period of critical need nearly a billion bushels of wheat above normal use was required to supplement our feed crops in the feeding of livestock. Now, of course, with the heavy production of feedstuffs and very little commercial use for wheat in synthetics, we would naturally have an even greater build-up of surpluses, except that foreign shipments are keeping up at an amazingly good pace. However, the largest part of our shipments are not truly realistic when we consider that we are selling them for payment in foreign currencies, and doubtless we cannot continue these efforts indefinitely.

When President Eisenhower sent a special message to the Congress last February, he stated, amongst other things, that price support levels should be realistically related to whatever policy the Congress chooses in respect to production control, it being recognized that the higher the support, the more regimented must be the farmer. In view of this conviction we wonder whether he might ratify a bill presently being considered for an 80% of parity loan, effective for the 1961 wheat crop, and a 20% reduction in acreage. Obviously this is contrary to the feeling that he had just four months ago. He also stated at that time that he had repeatedly expressed preference for programs that would ultimately free the farmer rather than subject him to increasing governmental restraints.

Before our market opened this morning there had been reports of rather widespread rains. This included southern and eastern Iowa where the moisture had been heavy over the week-end. There was also an inch or more in many parts of central and southern Illinois and the same was true of several southwestern areas. The forecast, however, is a little better and while harvesting operations were delayed in parts of Texas and Oklahoma, they may be able to resume work by late today or tomorrow, provided there is no further rain. We heard from Bloomington, Illinois that 80 to 90% of the corn had been planted and about 40 to 50% of the beans in that area. At Springfield they figured that two-thirds of the corn and one-third of the beans were in the ground, while at Lincoln, Illinois, 90% of the corn was planted, although some might have to be replanted due to seed being washed out and 75% of the beans had also been sown. In Canada, seeding is progressing very well and by this week-end Alberta and Saskatchewan will probably have most of the wheat planted and 80% of their coarse grains and flax also seeded. For Manitoba about 80 to 85% of the wheat is finished with somewhere in the neighborhood of 80 to 85% of the coarse grains completed.

Chicago wheat stocks during the week declined 308,000 bu leaving about 1 1/2 million bu here. However, the early firmness was followed by a moderate reaction, and we note that the first car of new wheat arrived at Kansas City although it came from Eldorado, Oklahoma. In southwestern Oklahoma where wheat is being harvested, the price is a few cents over the loan and farmers are selling practically everything that they are delivering to country elevators. However, in the west there may be more of a holding tendency. Corn was quite firm considering that Illinois River corn is now likely to move to Chicago, especially from northern stations, as its price is competitive with shipments to the South. Previously southern destinations had a distinct advantage. Beans did not do much and were hardly influenced by a higher market in meal. Rye was a little lower but there was no particular feature. The Chicago stock decreased only 71,000 bu during the week, but there is less than a million bu here, and we still feel that we will not accumulate on a big scale. Chicago bean stocks went down only 48,000 bu.

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CHICAGO, 4 June 7, 1960

The immensity of the storage situation can be brought to light by observing present conditions in the nation's largest wheat producing state. At present there is enough commercial grain storage space in Kansas to accommodate as much wheat as was raised annually in the entire nation in the years preceding World War II. An average of 740 million bu was grown between 1930 and 1940, which is the same as the total storage capacity available today in this southwestern state. This does not include 45 million bu of CCC binsites, which are less than half-filled. The most recent government report forecast a 211 million bu crop for Kansas this year, which is not too much more than the 10-year average of 176 million bu grown prior to the war. Under present farm programs, surpluses have been accumulated to the point that most of this vast elevator tankage is in use, with 538 million bu of grain being stored as of May 15th. This means that the entire harvested wheat crop in Kansas could be placed in the available space that is presently vacant in that state, so that the loan again will be an important factor in price determination. It is not surprising that the rate of warehouse growth has diminished, especially now that CCC has reduced storage rates. Even so, 66 million bu of space, a 10% increase, was built during the past year and an additional 5 million bu is under construction. The first run of cash wheat from Oklahoma is being sold a few cents over the loan, and these premiums should continue until users have satisfied near-term needs.

Moisture was reported in the Southwest overnight, heavy in some spots. The corn belt was clear but forecasts indicate scattered showers in the next day or two. Thus far the take-in of new crop wheat in southern Oklahoma is more than double total receipts of the 1959 crop and the harvest is less than half-way complete, which indicates pretty good yields in that section of the country. A private report indicates soil moisture in the Northwest is quite good, and seeding of small grains and flax is well advanced for this date. Weather has been a factor in Russia this season, and the Foreign Agricultural Service reports that for the second consecutive year Soviet farming efforts have been hampered. Output probably will not be up to expectations, and Khrushchev's optimistic production program likely will not be achieved.

Supplies of wheat in the four principal exporting countries, (The U.S., Canada, Argentina, and Australia) totaled 2.1 billion bu on June 1st. This is some less than a year ago but 315 million bu more than was on hand two years ago. Despite the fact that U.S. clearances have been larger than recent seasons, shipments from Canada the first nine months of their season totaled 178 million bu which is almost as large as the preceding comparable period. That country cleared an additional 195,000 bu rye at Fort William, and this grain is headed for South Chicago, which is causing some selling in our market. It still appears as though large supplies will be slow to accumulate in this city and following harvesting pressure our market could do better, as time goes on.

As of April 30th, the investment of Commodity Credit Corporation in price support programs amounted to $8.8 billion, including loans outstanding of almost $1 1/2 billion and inventories valued at $7.3 billion. A good percentage of this is corn, of which this government agency owned 1.2 billion bu on that date. It seems as though they will have to continue to sell this grain between now and autumn in order to make room for the new crop.

During the week free stocks of wheat in Chicago decreased 306,000 bu leaving 1 1/2 million. Free supplies of corn decreased almost a million bushels to 6.1 mil. The visible supply of wheat decreased 2.1 million bu. The government weekly crop report said that farmers forged ahead with corn planting which is now near normal in many areas. Seeding is 3/4 completed through the heart of the corn belt which is only slightly behind normal, and with fair weather this week work should be completed. Markets were mostly lower during the session with nearby beans running into stop loss selling. The open interest in July increased yesterday and is over 62 million bu so that a large amount of evening can be expected before this bean contract expires. Meal and oil were also lower with some profit taking in the latter. The open interest in July corn is quite large and there appeared to be speculative buying by commission houses today. Though the free offerings of this grain in the country are only moderate, the CCC continues to sell, and Chicago being on a more competitive basis could receive larger amounts of this cereal than heretofore.

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CHICAGO, 4

June 8, 1960

We have pointed out on several occasions that the remarkable upsurge in farm productivity has given all of our people far better diets and helped give them far better health than ever before in history. A manhour of farm labor now produces nearly three times what it did twenty years ago. In spite of the tremendous increase in population at home and the expanding exports abroad, our surpluses continue to build up, although this is most pronounced in the basic commodities which are under greater artificial stimuli than those commodities which are left to their own devices.

Last year on about the same wheat acreage that we had in prewar days, we produced 50% more wheat. At the present time, billion-bushel wheat crops are the rule rather than the exception. However, we have made tremendous strides also in other directions, and in some cases with comparatively new crops. For example, in the ten-year period (1931-40), the average soybean production amounted to only 42 3/4 million bu per year. At the present time if our production falls below 500 million bu, it would be a catastrophe, particularly in view of the added uses we have found for this crop. During the same ten-year period, sorghum production in the U.S. averaged only 57.5 million bu, whereas the 1959 crop was 579 million bu, and the year before the yield reached a record of 610 million bu. At the same time that we had this expansion for a feed crop, our corn production reached a record high of 4,361 million bu, whereas in the ten-year period, 1931-40, the average crop in this country was only 2,339 million bu. In other words, we are raising almost twice as much corn today as we were three decades ago. It takes 20 bu or more of this valuable corn for every man, woman, and child, in order to provide enough meat, butter, ice cream, milk, etc., and certainly it would be a tragedy if we ever reverted to the old level. Even last year when we had a failure oat crop of 1,073 million bu, it was larger than our average production in the period under discussion.

We believe with all our hearts that the wheat problem is far from insurmountable and that we would have made a much better showing had it not been for the great political attempts to keep prices above their merit. There were many warnings sounded, but few, if any, heeded. Amongst them was one from a great authority, none less than Dr. Joseph S. Davis, of Stanford University, who after World War II made this observation: "It is conceivable, but I think improbable, that our postwar price guarantees will prevent price declines already overdue. If they do for a time, the collapse will be the more drastic when it comes. More probably they will cushion the declines but not prevent them. Meanwhile, government supports will involve increasing government handling of commodities. This is not because government operation is deliberately embarked upon as the most efficient procedure. It is a mere by-product of price supports, in the face of general recognition that government agencies (in our country at least) cannot be as efficient merchants as private traders."

Primary receipts of wheat were quite light today and amounted to only 555,000 bu. This compared with nearly twice as much last week and 922,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 110,000 bu.

Trade was more quiet than yesterday. There was not much commercial business in wheat although a little buying. However, there appeared to be little hedge lifting against the 2 cargoes of hard wheat reported sold to Pakistan. Further harvest delays in Southwest Oklahoma were reported due to rains, but no mention of any damage to standing wheat. The state reports spoke of corn planting reaching the final stages with about 90% sown in Nebraska, and almost all the corn planted around Springfield, Illinois. Oats were very firm, and we think that the market will gradually do better. The deferred months of rye were firm, but nearby deliveries were indifferent. Corn showed a little easiness but selling was more pronounced in September than it was in new crop months. The open interest in July soybeans was reduced 3.3 million bu by yesterday's liquidation which leaves 58.8 million open. The July future went into new low ground, but there was some correction before the close. There was local buying of the more distant months, although no inspiration from meal. Soybean oil was higher and we think that market will gradually improve.

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CHICAGO, 4 June 9, 1960

An important economic law to be reckoned with in any business venture is "cycles." A manufacturer is faced with this problem seasonally, as well as on an annual basis. When demand for inventory appears imminent, stocks are built up and maintained, as, for example, during the steel strike last year, which touched off inventory accumulations by all producers. Eventually reserves had to be disposed of, especially after the strike was settled, and now supplies are back to normal, and in some cases a negative position. This process has an important bearing on prices, and particularly in as large an industry as steel. Though the pendulum may swing too far in either direction, it seldom stays there, because the wonderful feature of free markets is that natural laws are functioning.

In agriculture, cycles also work, and influence the values of many commodities: namely, egg prices have a pattern of rising one year and dropping the next. Last season over-all supplies depressed markets but the remedies were simple and swift. Per capita production has been reduced from 347 to 325 eggs this year, and prices are currently above last season's level. If this trend continues egg-type chicks will be used in greater numbers in 1961. This is not as strategic an industry to the economy as steel, so it does not gain as much national attention. Furthermore, consumer costs vary to a lesser degree, so that the demand for legislation is minor as there does not seem to be the important need to stabilize prices. Here, also, natural laws are permitted to work and the market will fluctuate, depending on supply and demand factors. Unfortunately, this process has not been allowed for some other commodities. Instead of curing low prices through production cutbacks, such as will work when free market laws apply, increased output has been stimulated artificially, so that supplies of these commodities increase and the price is simultaneously supported. Cyclical ups and downs that have proved economically sound are not allowed to work.

Again rains fell in sections of the Southwest, including much of Kansas and Nebraska. Farther south wet weather has delayed harvesting where wheat is ripe but the crop is generally approaching maturity, so that some hedging pressure might be experienced in the coming weeks. There have been practically no complaints from red wheat sections, and though this grain will not be cut until later in July, prospects are quite good, but there is still some question as to whether accumulations in Chicago will eventually approach last season's mark. Skies have been clear over the corn belt and that grain should be mostly planted now and seeding of soybeans is also well advanced.

CCC continues to sell corn and their Evanston Office announced almost 1.7 million bu sold last week. This agency also disposed of small amounts of soybeans yesterday, mostly in Illinois and a few in Iowa at the formula price of the loan plus 20¢. A steamship has arrived at South Chicago with 86,000 bu of rye from Fort William, but this was part of shipments previously announced.

A commission house has been influential in widening the difference between corn and wheat the past few days. They reportedly have sold large quantities of corn while at the same time purchasing similar amounts of wheat. It appears as though this is the unwidening of trades, and the quantity has been sizable. Exports of wheat and flour sinceJuly 1st are ahead of last year at 453.2 million vs 406 million. Corn shipments so far this season have now fallen behind last year's pace by a small margin. Soybeans were an erratic market with an improved volume of trade. Prices dropped early in the session and, though they rallied later on, were not maintained. The open interest has declined 5 million bu in two days. Further export business in oil has supported this market, but with surplus supplies large it does not seem likely that this advance will carry much further. At the same time meal is still weak and the cash market is considerably discounted under the futures. Oats were firm and reports are that yields in many sections are not much better than last year when the acreage was larger. Even though this grain is comparatively high priced as a feed, much of the entire crop should be utilized during the coming season so that a pretty good demand likely will be witnessed.

Primary receipts of wheat totaled 516,000 bu, slightly more than last week but well below the 1.2 million a year ago when harvest was further advanced. Kansas City and Minneapolis stocks decreased 164,000 bu so far this week.

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CHICAGO, 4 June 10, 1960

Late yesterday the Senate adopted a wheat program, which would keep present support levels intact for three additional years. The measure passed by a slight majority and there is still some doubt as to whether the House will take similar action. However, if this measure becomes law, farmers would be required to reduce their present wheat planting allotment by 20%, and the total winter and spring wheat areas would be cut to 44 million acres. As a bonus, however, farmers receive up to 50% of their average yield per acre for each acre taken out of production, and could use this surplus wheat for feed or could sell it but could not place it under support. Furthermore, producers would be barred from using such retired land for other crops or for the raising of livestock. Violation would result in loss of the price-support loans for wheat and all other price-supported crops.

There is another provision which would reduce from 15 acres to a maximum of 12 acres the amount of wheat any farmer could plant without being subject to controls. This latter provision would affect a good many farmers, who in the aggregate have been large producers of wheat. In the past three years the number of wheat growers has increased by 152,000 because of the 15-acre exemption now granted. In 1959, 690,000 farmers took advantage of this exemption. If both Houses would adopt this legislation, and if it were then signed by the President, the new program would be subject to a referendum of wheat producers. Unless two-thirds of them approved the program, all production controls would be dropped and price support would fall to 50% of parity. It would not affect the program as it pertains to the 1960 wheat crop, but would undoubtedly have a sentimental effect on the market. Recent legislation has changed the entire character of farming. It has cut back acreage in high-yield areas and increased it in less efficient regions. In many cases farmers have been able to obtain better yields on their land because of more intensive cultivation, but if an additional 20% cut is now made we shall undoubtedly have reduced crops while at the same time under the proposed law some of the government supplies would also be put back into commercial channels.

Before our market opened this morning, there was not too much news although a small steamer carrying 102,000 bu of rye cleared Chicago for Rotterdam, which is the first shipment of this kind in a long time. It substantiates our thought yesterday that if the government creates adequate subsidies there may be further business of this character. Meanwhile, in northern Texas and southern Oklahoma only a few farmers have resumed combining, although in most cases moisture content was too high. General work may not be resumed for another two or three days.

Primary receipts of wheat were small again at 562,000 bu, but yet this was a little more than last week and compared with 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 106,000 bu. When the visible supply is posted on Monday it will compare with an increase of 5 1/4 million bu last year, but of course the crop at that time was earlier to move.

There was a little commission house buying of soybean oil and also some short covering in soybean meal which for a time influenced the bean market, but there were also selling orders in the pit. In the Northwest there were some nice showers overnight and from all we hear the spring wheat crop is making good headway. After the close tonight we shall have a government report which will give an estimate of winter wheat and also the yield per acre. They will also comment on the condition of spring wheat and the indicated production based largely on prospective planted acreage as reported in March. They will also give the condition report on rye and hay. The only business that could be traced today in export circles was a cargo of hard wheat to the UAR for June-July shipment via the Gulf. In the absence of any large business the wheat market was hesitant, but prices were reasonably firm and we shall probably have to wait a little longer before hedging pressure sets in. Even when it comes, we doubt whether it will be very big as there seems to be a holding tendency by some farmers, and undoubtedly it will be another year where large quantities will go under support. At Enid of the 125 cars there today, 66 were new. With favorable weather expected over the corn belt there was not much support for that commodity. In fact there was some selling by a commission house which bought wheat against it, apparently taking off a spread.

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CHICAGO, 4 June 13, 1960

The government report issued after the close Friday showed a large increase in the prospective size of the wheat crop. Winter wheat production is now expected to total 1,019 million bu compared with 933 million last year and the 10-year average of 834 million bu. This is based on the very high yield of 25 bu per acre, and as the same source also predicts a spring wheat return of 252 million bu, the combined crop will be the fifth largest of record. Since the start of the month, additional moisture probably has increased prospects even more. Much of the gain came in the Southwest and Kansas alone is up 10 million bu, so that in spite of the available storage space in that state and elsewhere, enough hedging pressure could develop to keep markets on the defensive until the crop has been placed. There is no further news on the pending wheat bill, and there is a difference of opinion whether the payment-in-kind measure based on acreage reduction will be approved. If this does occur, no doubt it will be signed into law and could have some effect on our market, even though legislation would not apply before the 1961 crop.

Condition of rye was recorded at 88% of normal on June 1st, which is 6 points above average, though not quite as good as one month earlier. Except for Washington, the outlook remained the same or declined slightly in the eight largest producing states. One of the most important factors governing this grain next season will be the amount of exports and whether government subsidies will be more liberal than in the current year when clearances were comparatively small.

This was a wet week-end with rain falling over most of the grain belt, causing harvesting delays in the Southwest. The Kansas crop is still somewhat behind average in maturing but current moisture is ideal, making heavy test grain. Most of the corn must have been planted prior to the week-end precipitation, so that current conditions should be excellent for germination. Much progress was made toward seeding of soybeans, although some of this commodity remains to be planted, and the American Soybean Association says late plantings mean lower yields. We do not think as yet that planting of beans has been sufficiently delayed to cause alarm in this regard. No bushel-figure was given but the crop production report released by USDA discusses oats, and mentions that the bulk of the crop was seeded two or three weeks later than usual in the larger growing areas. Despite persistent planting efforts, some seeding to other crops was made necessary and soybean acreage will be raised somewhat because of this.

With one month remaining in the season, wheat exports have amounted to 465 million bu vs. 406 million through May 1959. Using the past three months' average we could expect in excess of 50 million bu to be shipped this month, making total clearances for the crop year second only to 1956-57 when 553 million bu left our shores. A good deal of pessimism has been expressed regarding the Argentine crop. According to Broomhall some observers believe that acreage to small grains would be substantially reduced. This dryness has been unfavorable for late harvesting and the marketing of corn. The condition of this crop was benefited from this type weather. Some good rains were received in Europe but moisture conditions are spotty and additional amounts will be wanted in order to insure favorable returns.

Wheat was only a shade lower in spite of the increased production report. There may have been some anticipatory hedges placed in the market Friday against wheat that might have been bought had the weather been more favorable over the weekend. Chicago stocks of this cereal declined 274,000 bu to 1 1/4 million. Corn supplies declined 120,000 bu locally, and 26 1/4 million remain. There was little feature to this market; prices were about unchanged. Stocks of both oats and rye also decreased slightly, but receipts of the former grain are fairly good with no concentrated demand to speak of. Elevator supplies of beans declined 161,000 bu, leaving 4.8 million bu in Chicago. This commodity was quite weak as pressure continued and a good deal of liquidation has occurred in the July contract, and there are still 55 million bu open. Products held a little better and there is still talk of export business in soybean oil with the possibility of Spain and Italy taking increased amounts. Rye was fractionally lower on the prospect of a larger crop than a year ago, and, though there is little indication of pending export business, prices would respond if this does occur. The Chicago corn-hog ratio is 13.9 vs 13.6 last week and 12.5 a year ago. The visible supply of wheat decreased 470,000 bu.

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CHICAGO, 4

June 14, 1960

Whenever mistakes are made by business executives either they have to mend their ways or if the errors are continued long enough they are forced to retire. Competition in most cases brings about the needed remedies, and we note that Mr. Edward N. Cole, head of the Chevrolet Division of General Motors, announced that automobiles in the 1960's will become plainer, roomier, easier to get into and out of. Mr. Cole, because of popular demand, now foresees an end to the era of longer and lower cars. In government, it takes much more time before changes are brought about, and in some cases with the massive building that has taken place in Washington, it may be decades, if ever, before any of the bureaus are simplified and spending costs reduced. Only the individual can pay the bill for big government spending, and unless its spending is curbed, the final installment paid by the individual will be his freedom.

No one has been satisfied with the farm program that has been in effect for the last quarter of a century. Until we get rid of the whole parity concept, which tries to nail prices to an artificial peak, there continues to be the danger of building up larger surpluses, which even under a program of exporting in terms of foreign currencies fails to bring about a better balance. Every bushel of wheat exported is subsidized and though we claim that subsidies are distasteful to the Americans, we continue to use this method to return artificial domestic prices to a world level. The present session of Congress has tried to resolve some of our difficulties, recognizing that there is a crisis in wheat and that we have failed in our attempt to maintain price levels above their merit, without injury to the farmer and to the economy. There is no denying it or escaping it; we have the problem but we will not face it. If we should not produce another bushel of wheat this summer, we would still have enough to meet all current domestic needs and probable exports, and yet have a carryover of about 300 million bu. However, the matter is not this simple. Even under the Soil Bank formula where acreage had been reduced, we may look forward to a crop of winter and spring wheat, which will be in the neighborhood of 1 1/4 billion bu. By keeping prices high and giving greater incentives to the farmer, there was a record yield of 27 bu per acre in 1958, or 50% up from average. The coming crop will almost approach that level.

There have been inadequacies in the control program and allotments were overplanted by more than 5 million acres in 1959, showing that the farmer himself did not cooperate with government demands. When the Agricultural Adjustment Act of 1938 was first considered, and a national acreage allotment of 55 million acres was drawn up, wheat yields were less than 13 bu per planted acre. How different the situation is today under artificial auspices. Farmers have not only overplanted but have kept the best acreage and destroyed the poorest. We come back to our original proposition-- that when automobiles are built too low for people to get into and out of there must be a change.

Primary receipts of wheat were a little better today and amounted to 830,000 bu which compared with nearly 600,000 bu last week and 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 23,000 bu.

Trade was rather moderate, but there seemed to be some changing orders in the various pits and July wheat gained a little on the distant months. The Government Weekly Report spoke of headway in corn planting the past week which was generally the best of the season. The emerged portion had made relatively slow growth as temperatures averaged below normal whereas above normal temperatures are desired at this time to help offset some of the lateness in planting. Soybean progress received serious attention and in the major producing areas planting is still behind average, but is generally near 75 to 80% completed. July beans made a season's low again, but the later deliveries were comparatively firm. Corn prices advanced a little. Holland bought a few parcels, also some milo and soybeans today, but commercial business generally was slow. The Southwestern Miller reported that there was only a small amount of bakery flour sold and the major portion of it was for immediate shipment. Soybean meal was weaker which also influenced traders in beans, but oil prices were nearly firm. Not too much attention was paid to a message from New York that Denmark had bought 12,000 tons of soybeans and that Japan had purchased a few parcels. Crop comment from the Northwest was generally favorable. Turkey is buying wheat here.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 15, 1960

When an economy is growing and expanding such as ours, everything becomes big. It is like a storm that grows in force. In agriculture small farms are hard pressed and often are incorporated into larger ones. As food chains enlarge they find that they can buy many items direct from the producer. Profit margins dwindle as business is done on a volume scale, and the small farm often cannot compete as evidenced by the fact that there has been a 28% drop in the number of farm workers since the start of World War II. This is also the result of machinery and other labor saving devices that can be employed more expediently. Unfortunately government aid is of little help to the small grower as those with less than $2,500 market sales per year receive only $109 in federal funds, while farmers with sales over $5,000 average almost $2,000 each year in government aid. Evidently this is economically sound for the nation as statistics show that people have more money, consequently better living conditions. Total income of the nation's 178 million consumers moved to new highs in the first quarter of 1960. Spendable income is more available than ever before as the average family now earns $6,520 annually, and their purchasing power increased 3% over the previous year. Since farmers have not shared entirely as proven by declining farm income, smaller ones are forced from their land or else increase their scope so that they can produce more with little additional expense, thereby commercializing their operations.

It now appears certain that soybean exports for the season will be larger than last year, and probably more than the USDA estimate of 125 million bu. Last week almost 3 1/2 million bu was shipped vs. 2 million in the comparable week in 1959, and since October 1st, 102 million bu has cleared, which is 19 1/2 million more than was shipped by this date 12 months ago. From June 10th to September 30, 1959, 27 million bu was exported, which averaged nearly 1.7 million bu per week. With 16 weeks remaining, if the same amount is sold total shipments for the season could be nearly 130 million bu, and it is possible on basis of the present rate even more will clear. Any reduction in crushings could be made up at least in large part by these foreign sales. There have been no new estimates on crushings, but processing margins leave much to be desired and offer a poor ratio with cash meal still well discounted below futures and oil off from its recent highs.

The weather forecast indicates rain and cool temperatures during the next 5 days, which could further delay bean plantings and maybe finally reduce yields as the crop is off to a late start. The Illinois weekly crop bulletin says planting of this commodity is about 75% complete compared with 93% last year and 86% normal. Seeding of corn is 90% finished but was placed in the ground two or three weeks later than average. Much the same is true in other Midwestern states. Some concern has been shown for the condition of oats, which are below average with the crop retarded due to late seeding and a cool, wet climate. Development of this grain is generally ten days behind average, and with this the case continued market support should develop on all breaks.

Though there was some moisture in the Southwest, harvesting operations are spreading north into extreme southern Kansas. Another day or two of sunshine will allow farmers to cut this cereal on a large scale.

Primary receipts of wheat amounted to 646,000 bu compared with 555,000 last week and 2 1/4 million bu last year. Kansas City and Minneapolis stocks decreased 154,000 bu so far this week.

Soybean oil was firm with fair commercial demand following an Agricultural Department authorization to Yugoslavia covering 20,000 metric tons. Meal on the other hand continued weak and July beans made crop lows despite the fact that Formosa bought 375,000 bu and Norway 100,000 for shipment during the summer. A late rally put prices above last night's close. The nearby contract has been under pressure, and the open interest declined more than 3 million bu yesterday. New crop months of both beans and corn were better supported as reports from the country, as well as the weather forecast, are causing some concern. Actually moisture should be beneficial but what is needed is sunshine and warmer temperatures to promote early growth.

Favorable conditions have been reported throughout most of Europe following recent precipitation. Prospects for wheat appear to be at least as good as last year when good sized crops were raised. Norway bought 4,500 tons of U.S. rye.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 16, 1960

Our security agents for some time have been concerned over President Eisenhower's visit to Japan. The latest violence in Tokyo has necessitated calling off this trip, which is, indeed, a very sad commentary, particularly because the uprisings have been instituted by a minority which has shown sufficient strength to overcome the wishes of most people in that country. The very instability of the times is one of the most serious obstacles to the preservation of our American traditions. Events crowd upon us and we find never the same world on two successive mornings. Our heritage has been so rich, our resources so abundant, our leadership so assured, our problems so simply solved that until recently we have been lulled into a sense of false security, which has made us careless of the dangers of tomorrow, extravagant in our actions, and indolent in our thought as we have swirled merrily along in an ever accelerating world. This latest incident brings to us forcibly the special need for strength that arises out of the currents of present-day history. We must be prepared to make sound decisions in the welter caused by ceaseless change.

Before our market opened this morning there was not too much grain news, but the weather map was still unsettled, although it appeared likely that after tomorrow clearing conditions might set in. Historically, shorts have seldom been too happy trading in corn during July, as the crop was hardly ever made before the 8th of August. Even after that time there is, of course, the risk of frost damage, particularly in a year when the plant has gotten off to a late start. Many had hoped that some of the delay might have been made up by warm weather at this time, but instead temperatures are somewhat below normal, and with the heavy rains there may be areas that will either need to be reseeded or even some of the land will be taken out of production. As for beans they are probably 80% planted in most sections, with even greater progress in a few territories, but the market had experienced a long period of decline, and, therefore, reactions which have taken place were not surprising. In any case, some traders have figured that this was a time to be on guard. There have been some rains in the Southwest that were confined largely to Kansas and points north, so that in Oklahoma and Texas harvesting has progressed to an extent that a drastic decline of as much as 6¢ per bu has occurred in hard winter premiums. Ordinary and 11% protein registered the sharpest setback with combining widespread in the southern half of Oklahoma and the likelihood that progress would soon be made as far north as the Kansas border. In southwestern Oklahoma elevator concerns are buying a large percentage of the wheat that is coming in with prices still 2 to 3¢ over the net loan. Many people now estimate that the Oklahoma wheat crop may reach a figure of 125 million bu, which would compare with the June government estimate of 104 million bu and a 10-year average crop of less than 67 million bu.

According to Broomhall, our wheat and flour shipments for the week were nearly 3.7 million bu and for the season about 476 million compared with 415 million a year ago. The government overnight granted subsidies on 200,000 bu of rye, which at least shows a trend, and if continued should be favorable to our market but would be adverse to Canada where competition would be keenly felt when we pay exporters from 28 to 30¢ per bu.

Primary receipts of wheat were 771,000 bu which compared with 516,000 bu last week and 2.1 million bu last year. Kansas City and Minneapolis stocks show a total decrease of 167,000 bu.

Trade was not heavy in any of the pits although at the opening there was a fair trade in beans with some short covering. Weather is still much of a factor and many people regard the cool nights as a detriment as both beans and corn are backward. In Canada, seeding of spring wheat in the Prairie Provinces is estimated at 93% completed vs 95% a year ago by the Dominion government. Moisture reserves seem ample. There was some flour business, but the quantities were small and it was mostly for replacement, but it rather indicated that stocks are running low. The first car of new wheat arrived in St. Louis and came out of southern Missouri. It graded No. 1 red. Corn prices were firm but the volume of business was small. Oats were slightly firmer but there was no special news except that the trade feels we are facing a small carryover and very likely a short crop. Soybean oil prices were higher but meal was weaker again. Rye was a shade lower.

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CHICAGO, 4

June 17, 1960

Communist China greeted President Eisenhower's approach to Formosa today by announcing it would fire twin bombardments at the Nationalist Chinese Island of Quemoy to show him its "contempt and scorn." When the world turns and seethes in one of its rare periods of unrest, we must recognize that stability and security are unlikely for at least one hundred years. We must adjust to the fact that no points on the globe will be in the latter half of this century more than three, four, or possibly five hours away. The need for strength is twofold. In the first place in a dynamic, growing nation, in an unstable day, the needs and problems of each generation are more difficult than those of its predecessor. The search for strength is eternal and must be constantly reproduced, for strength that might be adequate today would be tomorrow's weakness. Secondly, we must admit that while we have successfully won two wars and twice lost the peace, we are beginning to realize that we have inherited a freedom which is not free at all, but for which we must pay. Freedom is not bestowed but is earned, and we are sometimes surprised to find it so precious, so fragile, and so rare.

Before our market opened this morning, the 5-day weather forecast was a little more pleasant, and it would seem that more moderate temperatures are in prospect for Illinois and Indiana, and, generally speaking, it will be warmer over most parts of the country, approaching near normals for the season. The Quaker Oats crop report was quite optimistic in its views. They spoke of weather that had been made to order during the first ten days of June, and farmers had taken full advantage of the situation. Except for southeastern Iowa and southeastern Minnesota, they believe that nearly 100% of the intended corn acreage was planted by last Saturday night. Excellent headway was made on the planting of soybeans, which they figured were at least 80% sown. In some of the more favored areas of the Midwest, particularly western Iowa, portions of central Illinois, central Indiana, and large areas in Ohio, much corn had been cultivated once and in some cases twice. They also told of the recent rains that had been most helpful to condition the soil and aid in germinating late planted corn and soybeans, particularly on land that had been worked too wet. Cool weather had made for slow growth but except for this they considered present prospects for both corn and beans as quite good, and certainly better than anyone had expected three weeks earlier. In Canada we are told that field prospects for the Prairies continue excellent and seeding is practically completed, although the Searle Grain Co. report indicates a wheat decrease of about 1.2%; on the other hand the oat acreage was 2.5% greater, and the flax acreage is up 8.1%. In our country combining was generally active in much of Texas and Oklahoma, where weather cleared and exporters were paying about $2.04 1/2 for immediate shipment for No. 1 hard wheat, track, Gulf, and 1 1/2¢ less for June. At our own stations we have purchased a fair amount of the wheat delivered to us, as prices have been a few cents above the net loan. In spite of this we anticipate that the coming season will be one of heavy impoundings and also very heavy exports. There seems little reason to believe that the government policies of shipping abroad will be altered.

Primary receipts of wheat were a little heavier at 877,000 bu, which compared with 562,000 bu last week, but last year with wheat moving on a heavier scale, receipts were 2.6 million bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 293,000 bu. Whenthe visible is posted on Monday there will not be near the increase that we had last year when it amounted to nearly 11 1/2 million bu.

July wheat was weak today and there were reports that harvest was pretty general over Oklahoma and Texas, being about completed in the southernmost areas. Depending on rail rates to the Gulf some stations are paying about the loan price, others a little higher or lower, but in any case some of the larger farmers normally haul their wheat to an elevator but await the completion of harvest before deciding where to sell or to store. Corn was independently weak and better weather with a chance for higher temperatures caused a little more bearish feeling. In beans the July future was reasonablyfirm but there was a slight amount of pressure on the later months. Meal prices were firm early but the market encountered a little selling on the bulge and we had late reactions. Soybean oil prices were little changed at the time the grain market closed. Oats were slightly lower, and there may have been some evening-up prior to the week-end holiday.

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CHICAGO, 4

June 20, 1960

President Eisenhower is flying back on the final voyage of his Far Eastern trip. He saw with his own eyes how our enemies have incited emotionalism on part of the Okinawans even though he was favorably received by the majority of the people. He had been restrained from visiting Japan because of a mob psychology that might have engangered his very life. The demonstrations of those who oppose our orthodox ideas as to methods of living a peaceful life are trying everything possible to undermine our leadership. Maybe we have been partly to blame in that we have not struck back by attempting to use propaganda by way of enlightenment and education. Most people on the face of the earth today undoubtedly want peace more dearly than anything else. We cannot deny that the world is full of dangerous ideas and that we would be both naive and stupid if we believed that those in other lands must be protected from these dangerous ideas. If we must live merely in an atmosphere of orthodox ideas, no one will know which are orthodox, and so we end with no ideas at all. The way to fight dangerous ideas is to show that we have better ones, and certainly no idea is any good unless it is good in a crisis. Thomas Jefferson calmy remarked in his first inaugural: "If there be any among us who wish to dissolve this union or to change its republican form, let them stand undisturbed, as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it." The intellectual challenge of today is to think clearly, to sort out the true from the merely glib and plausible, to avoid the confusions on which we are drifting carelessly but dangerously far from the rugged virtues of free independent peoples.

Before our market opened this morning, there was not too much to guide it. Wet weather had returned to parts of the Southwest, which had not had too much rain before and altogether there was a fair amount of moisture in Kansas, which extended to Nebraska, with 4 1/2 inches received at Omaha. It was also wet in the spring wheat areas. The corn belt witnessed an improvement in that skies were clear yesterday, and, generally speaking, temperatures were higher. This pattern will probably continue with some precipitation heralded in the 5-day forecast. During April of this year our wheat and flour exports totaled 64 million bu, which was about 7.8% above the previous monthly record of 59 million bu in April, 1951. The thing that helped most was that 44% of our shipments went to India with 15 1/2 million destined for that country. Pakistan and Poland were in second and third place. Total clearances for ten months of this year were 412 million bu, or approximately 14% above the 361 million exported during the comparable period of 1958-59.

Broomhall commented on general rains that were timely and good in the Argentine where dryness over the past few weeks had been causing increasing concern. For Australia, the outlook is mainly favorable for the planting of wheat and this work is now well along over most parts of the country, with an expansion in acreage likely. He also told of more optimistic advices from the Soviet Union due to recent moisture, and officials there were inclined to look for rather favorable crops although observers outside of the country were less hopeful because of the earlier adverse conditions which had existed in a number of important regions, including the Ukraine and Northern Caucasus.

Chicago wheat stocks during the week declined only 134,000 bu, leaving 1.1 million bu here. Corn increased 300,000 bu. Rye went down a little and there was a 309,000 decrease in beans, which leaves 4 1/2 million bu in Chicago.

Wheat was lower and there was some hedging pressure today. We note that Fort Worth had 866 cars, which was more than last year but they probably have seen their peak for a Monday. Enid had 1,763 cars, substantially above last year at this time but at Kansas City there was only about one-sixth as much wheat there as last year with the season late. Altogether we do not look for very heavy declines but the reactions might extend for another 2 or 3¢, which would bring the price closer to loan levels. There was selling of beans representing both local and commission house liquidation. Opinions are not universally optimistic with respect to the crop prospects for either beans or corn and some advices from Iowa tell of rains which will delay cultivating. Some fields are becoming weedy but on the whole trade was not much concerned over these factors. Rye prices declined probably in sympathy with the lower wheat market and poor support.

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CHICAGO, 4

June 21, 1960

It is difficult to make an exact appraisal of the corn and soybean situation with respect to planting and current outlook, for the reason that even though there has been rapid progress since June 1st, the season is still well behind 1959 and is slower than usual. Over the main area there has been a lag of ten days to two weeks although probably not much of the nation;s corn remains to be planted at this time. On the other hand weather has not been altogether satisfactory. Where corn was in the ground, it germinated quickly, but we have not had the growth that is usual at this season of the year, plus the fact that some of the seed may have been washed out as rains have been excessive. For example, in Springfield, Illinois, we were told this morning that they had nearly 2 inches rain again last night, which makes for a total June rainfall of about 5 1/2 inches. This is nearly twice as much as they normally have during June. We were also told by a friend from Iowa that they had twice as much rain in his area as normally and, therefore, it is a little difficult to make accurate observations, so that we shallhave to await clearing weather before coming to more definite conclusions. We are not in the habit of becoming pessimistic when there is too much rain, although with comparatively cool temperatures, it is less easy to evaluate the outlook.

As for wheat there can be little doubt that another huge crop will be harvested this summer, and on basis of the last government report, we may add an additional 200 million bu to the surplus one year hence, all of which indicates that we are not making much progress, nor is Congress, in trying to write up a new farm bill. Secretary Benson claims that the net realized cost to the nation last year was $1,000 a minute for the government wheat program. Even granting that there has been a cut in the storage rates under the Uniform Storage Agreement, the government merely desired to vindicate itself by compelling those who helped solve the storage problem to cut rates. As long as the investment in farm commodities continues to rise, and will probably reach a figure of some $12 billion, we doubt seriously whether the problem will soon be solved. Meanwhile, many of the usual markets that farmers enjoyed have been destroyed by overpricing agricultural commodities only to subsidize them when the price was returned to the world level either in foreign markets or through synthetic competition. There is enough wheat on hand to meet our normal domestic uses of thiscrop for an estimated two years without producing another single kernel. Unless our legislators take action soon, it may be too late to get a sound wheat program before the 1962 crop.

Vice President Nixon, in his farm speech at Minot, North Dakota, proposed that all surplus-producing nations, including Russia, meet to set up a program of turning surpluses over to the U. N. for distribution to needy peoples. He said that the idea was to have been proposed at the May Summit Meeting at Paris, but was dropped after the collapse of the talks. As for Northwest crop prospects, the Peavey report described them as good to very good over the bulk of the area, the principal exception being southeastern Minnesota, where the condition is said to be fair.

Primary receipts of wheat were heavier at 1,422,000 bu. This compared with 830,000 bu last week and 2.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 64,000 bu.

There was very little evidence of hedging pressure in wheat early in the session but toward the last there were some offerings although they were largely of a small character or above the market. Wheat was extremely inactive and at Kansas City only 60 cars were received vs 401 last year. Cash basis there was sharply higher but this will undoubtedly readjust when the movement picks up. The spring pig crop report showed a reduction of 16% and was construed as bearish on meal, but at the same time it could be encouraging to prices of soybean oil. Most of the bean futures were unchanged to higher due to continued cold weather but liquidation in the July future carried it to a season's low.
There was also a crop low for July corn, which had a little influence on the later months. This cereal was influenced a little by the fact that the reduction in spring pigs was considerably larger than the 12% cutback the Department had predicted last December. All rye futures sold at a season's low. Winnipeg advised that 375,000 bu rye had loaded at Fort William for shipment to South Chicago. Also, the government announced terminal support rates, which were cut 1¢ per bu from last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1960

It is getting to look less likely that we shall have a wheat bill, or for that matter any farm legislation, during the few remaining weeks that Congress is in session. When President Eisenhower appealed to the Congress last February for immediate action on the wheat problem, it was the fifth time he had done so along with other agricultural program proposals. He appealed for action again last month, recognizing that only a change in the law could save the problem. It takes an Act of Congress to change the law and apparently nothing is forthcoming. The original program, which has been amended in minor ways, was written in times of depression and war. These unrealistic controls and supports were tied to formulae that have since become obsolete and unworkable. They are not on a present-day basis geared to orderly marketing. Each day that passes without any relief from the Congress is causing our markets to become less effective, while at the same time surpluses seem to be endlessly piling up. We have only ten days to go during the present crop season, and it looks as though we will be faced with a carryover reserve of 1.3 billion bu, and judging by the June crop report it may amount to 1.5 billion bu a year from now.

Late yesterday, USDA reported that 107.6 million bu of wheat had been withdrawn from the impounded stocks, which was an increase of about 4 million from the month before. It is still not possible to tell exactly how much free wheat there will be in the carryover, but this is relatively unimportant in view of the fact that the 1960 crop is beginning to move and harvest is about half finished in Texas and Oklahoma. The government also showed that there was 512 million bu of corn under loan, which was an increase of 49 million from the month earlier. However, redemptions have amounted to 17 million bu, so actually there is only 495 million bu in the net amount which is under support. While this compares with only 368 million bu last year, we must not forget that the crop was 561 million bu greater, and was well over a billion bushels larger than the 10-year average production.

Overnight weather indicated that the map was still unsettled and additional moisture had been reported over the corn belt. In Illinois, virtually all planting has been completed except for some scattered areas, primarily in the west and south. However, the season was about two weeks later than average and weedy corn has resulted from continuously wet ground which has placed a limitation on cultivation. Early beans are up and many fields are also weedy due to lack of cultivation. The result is that soybeans are reported in below average condition. In Nebraska, intermittent rains during the past week have greatly slowed all farm activity, while in Minnesota corn is in good to fair condition outside of the south central area, where crop is only fair. Soybeans are in somewhat better shape as they were planted later and did not go through the extended period of cold, wet weather. In that state development of both corn and beans ranges from 10 to 14 days behind the average for recent years. The feed markets in Europe are in a very depressed state. Germany apparently imported more than her requirements and has started to re-export oats, while there are rumors that they may also ship out some corn and barley. According to Broomhall, further rains have been received in a number of countries on the Continent, helping to maintain satisfactory conditions for growing crops, except for some sections where lodging has resulted. There has, however, been improvement and, generally speaking, a good harvest is probable.

Primary receipts of wheat were quite moderate at 1.1 million bu. This compared with 646,000 bu last week but over 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 35,000 bu. There was some hedging in wheat today but the market took it in fairly good fashion. There were some season's lows for most of the rye futures, also July corn and July beans, with only moderate buying in the various pits.

The noon-day forecast seemed to be just a little improved over what could have been expected by the 5-day weather outlook. Temperatures will be somewhat higher by tomorrow, with partly coudy skies and a few showers, but not general as they have been. Commercial business was rather quiet and flour demand was poor. Even the forward business is slow and may remain so until the hard winter movement is more general in the Kansas and Missouri areas. Not much attention was paid to the Census Bureau Report on bean crushings of 33 million for May, which was about in line with expectations; neither did the 23 million redemptions cause any surprise.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 23, 1960

Late yesterday the House of Representatives voted down a plan that was apparently preferred by the administration which would curb wheat surpluses and provide lower price supports and at the same time repeal some of the production controls. It is difficult to tell at this juncture whether we are going to get legislation during the present session, although the House is still planning to finish up work on the measure today but its final passage still seems to be in doubt. Meanwhile, wheat producers are tightly restricted by government controls, and they find it extremely difficult to adjust to present laws. Many of them are forced to reduce acreages below the level needed for efficient production. At the same time they are stimulated by unrealistic supports to grow more wheat per acre; land that is well adapted to wheat in traditional wheat-growing areas lies idle, while land in other sections of the country grows wheat inefficiently for a subsidized market. So actually what we are doing, whether willfully or otherwise, is subsidizing inefficiency in the wheat business. As long as artificially high supports are demanded by legislators, which is pinned to an outmoded parity formula, there can be no real improvement. We continue to balance farmers' income against a bushel of wheat or a bushel of corn without taking into account the net return per acre of land, which is really the proper basis for any sound program.

Before our market opened this morning, there were further reports of heavy rains in Illinois, although moisture in Iowa was lighter in some sections. Around Springfield, they had another downpour, which officially measured 2.75 inches up to 9 A.M. today. This brings the total June rainfall to 8.19 inches vs. normal amount of 4.18. In other areas precipitation of 1 to 2 inches was not uncommon. Probably of equal importance at the present time is that we have higher temperatures to promote growth owing to the fact that both corn and bean crops are well behind schedule. The Iowa weekly crop bulletin told of a cool week with frequent showers, and apparently precipitation was well above normal in the south and western districts but near normal elsewhere. As a result field work had progressed rather slowly because of unfavorable conditions, and farm activities consisted mainly of cultivating corn, harvesting hay, and planting some soybeans where the work had not been finished. They, too, point out that warm, dry weather would be welcomed by most farmers of the state, and would encourage rapid growth of the corn and beans. For that state as a whole, two-thirds of the corn acreage had been cultivated by last Monday compared with 90% last year and an average of about 95%. They claim that planting of soybeans was virtually completed in western districts and about 95% finished in north central and central areas but only 80 to 85% completed in south central and eastern districts. With these conditions and a distinctly better demand for meal in the East, which gave us an upturn in the soybean meal market, there seemed to be a demand for beans this morning, which was quite a change from the past few days when trade had been so predominantly bearish.

Primary receipts of wheat amounted to 1.8 million bu, more than double those of a week ago, but less than the 3 million bu a year ago. Kansas City and Minneapolis stocks increased 372,000 bu with most of this in the former terminal as the harvest movement expands.

Weather was the dominant feature to the market this morning with both corn and beans firm. July beans outgained the deferred months as processors continued their hedge covering operation and though there could be over 3 million bu of this commodity in this market the 1st of next month, deliveries might not be too large unless the difference between old and new crop months widens further. The late forecast calls for more rain and cooler temperatures, though there is a possibility of clearing over the week-end. The rye market was firm with shorts covering in sympathy with the strength in other pits and stop-loss orders were uncovered. Oil and meal prices were above last night's close and strength in the latter was governed by a better demand for cash. The Commodity Credit office in Evanston reported 2 1/4 million bu of corn sold during last week and 312,000 bu of soybeans. Hedge selling developed in wheat on the rally and that grain closed about unchanged.

UHLMANN GRAIN CO.

[illegible]

[illegible] which [illegible] the past [illegible]

[illegible] 1.8 million [illegible]

[illegible] 1,172,000 [illegible]

[illegible]

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CHICAGO, 4 June 24, 1060

Free enterprise might well be described as a system under which 6% of the world's people on 7% of the land have produced 50% of all the world's wealth. Mr. Khrushchev in his latest speech expressed the opinion that Communism would surge ahead of capitalism in the production of goods and services, but it remains to be seen whether his desire will find fulfillment, at least in our lifetime. It is true that the Soviet Union has made, and is making, great strides toward a more efficient agriculture, yet according to Soviet sources, 50 million persons are working in agriculture and forestry, or more than 40% of their labor force compared with about 10% in the U. S. The Russians are trying to mechanize agricultural production, but it is still very dubious whether they can duplicate the levels of efficiency and productive ingenuity which are called forth in a free society. If one travels in Russia he will see hundreds of posters urging farmers to surpass the U. S. in per capita production. There are also numerous posters forecasting the ultimate victory of the Communist system. We are confident of the inevitable triumph of the free American farmers in this competition.

It now looks as though world shipments of wheat and flour in the 1959-60 season will reach a figure of 1,300 million bu. This would be 34% larger than the 1951-55 average of 968 million and near the 1,308 million shipped the year earlier. However, the volume will still fall short by about 2% of the record:namely, 1,328 million two years ago. U. S. wheat exports are now estimated at 500 million bu, an increase of 47 million, or 11% over the 443 million shipped the previous year. Exports to Europe declined because of that area's record 1959 wheat crop. However, the decrease was more than offset by the additional shipments that went to Asia, Africa, and Latin America. India continued to be the largest single importer of U. S. wheat, and this promises to be the case for the next year or two at least. Canada's exports this crop year are expected to be down slightly from the 300 million bu shipped last season. However, shipments from Australia and France will probably be larger. Both of these countries had bigger wheat crops in 1959. Wheat shipments from both Argentina and Russia are expected to decline from the relatively high level of 1958-59.

Weather is still the most discussed topic in the grain trade.There seems to be a respite from the rains for a few days, at least insofar as the corn belt is concerned, but temperatures are still on the cool side for late June, and according to the 5-day forecast more precipitation is likely by about Sunday. The Quaker Oat Company's report confirmed that cool weather is certainly no boon to either corn or beans and they mention that wet spots have not had an opportunity to dry out, so that the tail-end planting of soybeans is but little further along than it was two weeks ago. Certainly cultivation has been held to a very minimum during the past two weeks, and fields are both wet and weedy. Nevertheless, there was no inspired buying and we have found lately that even with adverse crop news outside interest in markets has failed to develop on a big scale. There was a considerable amount of hedging in the wheat market and some of this was absorbed by resting orders.

Broomhall reported that ideal seeding conditions existed in Australia and that acreages to all grains were expected to show an increase over last year's figures. Excellent rains had fallen over all agricultural areas of the West and good, dry, clear weather that followed should give farmers ample opportunity for sowing new crops.

Primary receipts of wheat were a little over 1 1/2 million bu, which compared with 877,000 bu last week and 2.6 million bu last year. When the visible is posted on Monday, there should be an increasebut nothing like last year when it was 12.3 million bu.

Trade in wheat was only fair but the hedging pressure gave us a slightly lower close. There was also some changing from July to the distant months as carrying charges appear attractive to elevator interests. Beans were mixed. The nearby deliveries were firm, with higher meal prices, but new crop was affected by clearing weather and closed a shade lower. Corn was also down for the day. The prospect for Saturday is for fair and pleasant temperatures for Illinois, Indiana, and Iowa, and for some showers in parts of Ohio. Rye lost practically everything gained the day before.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 June 27, 1960

Though sunny skies and warmer temperatures prevailed over the corn belt the past few days, some additional moisture is predicted in the 5-day forecast. Reports from the country mention uneven growth in corn fields and since the crop is off to a late start it now appears as though there is little chance of matching last year's record production of 4.4 billion bu. We will not know for certain until the 11th of July when acreage figures will be released by the government for corn and beans and a bushel-estimate for the former. Probably soybean planting is now about completed and the acreage certainly is increased over last year, partly because of shifts from oats and corn to beans. Crop production for 1960 throughout the country still should reach high levels as the winter wheat crop is tremendous. This grain is mostly ripe in the Southwest and ready for combining, which will spread northward during the coming weeks. Farmers are currently willing sellers at the loan price or above, but as past experience has proven they will hold for the support program at a discount. Impoundings should be fairly sizeable again this season, and if so will influence prices as time goes by. The first shipments of wheat from Kansas points indicate above average test weight and moderately below average protein content. There will be plenty of elevator space open for loan tie-up.

The USDA has released figures showing that the utilization of the soybean futures market for the 1959 crop has been the largest on record. During the first seven months of the season more than 8,000 traders located in all fifty states and sixteen foreign countries engaged in bean trading. Consequently, this played a very important part in the effective marketing of the crop. Even though the surplus will be the second highest on record, it is not burdensome, especially in comparison with other grains and smaller quantities of this commodity were placed under government support than in any year since 1955. This confirms the importance of a hedge market and points out that economic laws left to their natural devices tend to work more accurately than artificial pricing. This is especially true when the number of traders increase as producers, processors, elevators, exporters and speculators all combine to provide liquidity and balance, and there has never been a better or more reliable medium for determining fair values. Not only that, but in the case of soybeans this past season prices generally have been above the loan which shows that in spite of price fixing attempts farmers can gain more in the free market if production is not excessive. Speculators absorb large scale hedge selling and commercial interests are able to obtain their needs and carry them on smaller margins, process and distribute the crop with greater facility.

There was little else in the news this morning except that the CCC continues selling from its stock and a total of 93,000 bu of beans were distributed Friday, over 1/2 of which were offered in Illinois. Most of the balance was sold in Indiana and Iowa. Conditions in Canada are almost ideal, though some rain is still needed in a few areas. The wheat crop in that country is off to an excellent start.

During the week Chicago stocks of wheat decreased 1/4 million bu and only 859,000 bu remain in this market. These are small stocks, but the new crop will move shortly and it is questionable just how much will arrive in July. Corn supplies decreased 286,000 bu, leaving 26 1/4 million bu in Chicago. The nearby month made a crop low, but firmed as new crop months were better supported. The late forecast indicates fair amounts of moisture at a period when farmers would rather have sunshine.

Supplies of both oats and rye increased slightly and there is over 1.6 million bu of the latter including rye that is in bond in Chicago. This grain was weak early and registered crop lows. Somewhat surprising was the increase in bean stocks of 63,000 bu and 4 1/2 million are now stored in local elevators. A processor bought the July future and this market had a good rise after early weakness. Best prices for wheat did not hold as some hedging pressure developed and the primary receipts are quite large, though less than a year ago. It is still not possible for farmers to combine on a full scale as recent rains have kept the ground muddy in many areas. There is little export business at the moment, though the UAR is expected to buy shortly under their recent authorization. The corn-hog ratio continues to improve at 14.4 vs 13.8 last week and 12.3 in 1959. This is the highest figure for the year.

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CHICAGO, 4

June 28, 1960

The USDA in their June publication of the wheat situation discuss the future price outlook for this cereal. Premiums have declined in the southwest which is normal for the season as the harvest movement has begun and pressure is rapidly developing as wheat is being combined and offered into commercial channels. Because of the heavy rains in Texas and Oklahoma harvesting will be concentrated in a shorter but later than normal time period and instead of crop lows being registered in late June or early July as in the past, the peak of the pressure probably will be delayed. It is expected that values to growers will improve once the movement slackens and the support program again will act as a magnet during the entire season. Impoundings could be as large as last season especially since production is more than in 1959 and any tightness in free supplies will influence cash prices especially in the southwest.

The total amount of wheat available July 1st is now estimated at a record 2,561 million bu, 6% above the previous year and 26% greater than the 1954-58 average of a little over 2 billion bu. Both the carryover of 1,285 million bu and the prospective crop of 1,271 million bu are increases from the year before, but the reserve will be very little larger as exports for the season-are expected to approximate 500 million bu. Domestic disappearance in the 1960-61 period will amount to about 625 million bu, a small increase reflecting the rise in population. The Agriculture Department hopes that clearances can be maintained at this year's high level, a figure which has been exceeded only once, and that was by quite a bit in 1956-57. Assuming these projections are true then the carryover next July 1st will be 1,435 million bu, a new high amount by quite a bit and this points out the tremendous need for constructive legislation by the next Congress.

There have been various comments regarding the condition of the oat crop, particularly since the acreage has been reduced and with late planting and excessive moisture a few areas report this grain is in questionable condition. On the whole, points in Illinois think yields will be as good as last year, though the quality could be somewhat below average. The crop and carryover will be about equal to this season's usage so that the carryover one year hence might be negligible and this prospect has kept prices firm in relation to other feeds. Support might be maintained especially in later months as cash interests think it is not unusual for a fair movement to develop during harvest.

Yesterday's gloomy weather forecast was not entirely correct, but this is becoming a daily occurrence. Only light rains were received in parts of the corn belt and the prediction now is for scattered showers during the next 24 hours. Growing conditions will be most important from now on though reports from the country talk about uneven corn growth and some fields appear to be quite normal, while others are definitely retarded and spotty. This could affect yields later on. In the case of soybeans, brisk demand has developed for quick maturing bean seed as evidently a good many fields were not planted on schedule and here too yieldsfinally might be affected, but the acreage is very large.

Free stocks of wheat in Chicago amount to 850,000 bu following a decline of 1/4 million bu during the week. Corn stocks decreased by approximately the same amount and less than 6 million bu remain in the free supply. Wheat was a shade lower with hedging pressure rather light but the market was supported by export buying probably against the sale of 1.5 million bu of wheat to Pakistan. Soybean meal was better supported late in the morning, but oil was weak early and this plus an improved weather outlook brought selling into soybeans. The recent authorization to Spain for soybean oil has been divided so that only a portion will be shipped from old crop stocks. The volume of trade in corn was extremely light but the July contract hovers near the crop low with little encouragement at present. It is expected that there will be some deliveries the first of next month. Oats were firm for the above-mentioned reasons and cool weather has slowed the development of this grain. Rye was under pressure again, partly because shipments of this grain continue from Canada. The crop outlook is also very favorable.

The visible supply of wheat increased 12.6 million bu and the primary receipts of this grain amounted to almost 2 1/2 million compared with 1.4 million last week and 3.3 million a year ago. Kansas City stocks decreased 54,000 bu so far this week.

UHLMANN GRAIN CO.

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CHICAGO, 4

June 29, 1960

As we know, the prospects for wheat production in this country are quite good. As a matter of fact, advices from the Southwest think yields might be much better than the June 1st government report. In addition the Canadian outlook is bright even though the late spring may have caused a small shift to some other crops. The weather there has been fairly good with beneficial rains in all but a few sections of the Western Provinces. At the same time, conditions in Western Europe are considered good especially since many areas were threatened with drought earlier this spring, but rains since that time have enhanced wheat growth. The countries in Western Europe that account for 88% of the entire production there generally expect better than average returns. Eastern Europe reports less favorable chances than in 1959 because of winter kill and dry topsoil, but in the USSR, where information is difficult to obtain, prospects appear much improved due to a wet spring which made up in part for some losses incurred during the severely cold winter. Pretty much the same situation applies to rye where concern had been stated earlier and no mention has been made in recent months since excellent rainfall has improved the outlook for that grain.

Even India and Pakistan expect record wheat harvests, so that fotal supplies of this cereal should be quite fair in the forthcoming season. Stocks in the four principal exporting countries, (the U. S., Canada, Argentina, and Australia) June 1st were 30 million bu less than a year ago, which was an all time high, and the large U. S. crop presently being harvested will add substantially to total amounts available. The USDA hopes to ship 500 million bu next season, but this might be an overly optimistic projection with importing countries comparatively well supplied. The world wheat trade in 1959-60 is expected to reach 1,300 million bu, 30% above the 1951-55 average and within 28 million bu of the record established four years ago.

For the week ended June 24th, almost 2.9 million bu of soybeans was exported, somewhat more than the 2 1/2 million bu shipped the previous week. This compares with less than 2 million bu cleared in the same week last year and since October 1st, the cumulative total is not quite 108 million bu vs. 86.4 million bu in the comparable period of 1959. The Department of Agriculture still maintains that close to 400 million bu of this commodity will be crushed during the current season and if they are at all close in this prediction, the carryover could be less than 40 million bu. However, processor shutdowns are still in the news and it does not seem likely that this crushing figure will be reached. It is thought that deliveries on the July contract in beans might be of fair size and the open interest is fairly large for this particular date.

The weather remains a problem to farmers in the Midwest as showery activity remains with us and the five-day forecast calls for 1/2 to 2 inches of rain locally. The Minnesota weekly report says that 10% of the soybeans remain to be planted in the south central and southeastern sections of that state and this crop and corn growth are both greatly retarded. This is generally true throughout the entire area, though we will have to wait almost two weeks until the government report concerning these commodities is released June 11th. It appears to be drier in the Southwest and as a matter of fact, yesterday's high in Hutchinson, Kansas, was 107 degrees, which is perfect weather for harvesting with the exception of the farmer who must work in the field during such extreme heat. The combining of winter wheat should reach its peak in the next week or ten days, weather permitting, and will be followed by the harvest of red wheat. So pressure on our market should be witnessed until such time as the crop is fairly well placed.

Primary receipts of wheat totaled 2 1/2 million, more than double those of last week and slightly less than a year ago. There was little activity in the wheat pit with only a few hedges, but commercial demand is also lacking. July corn was under constant liquidating pressureand registered a crop low as did nearby months of rye. The Iowa crop report states that corn is about 10 inches high for the State with a good deal of variation, but no real concern is expressed. Some soybean acreage remains to be planted, but fields are in good condition. This commodity was lower early, particularly the nearby as the open interest declines daily preliminary to tenders against the July contract which appear to be probable. Tomorrow will be the first permissible tender day. There was no export business and markets generally need some stimulus to relieve the general fee_ling of discouragement which exists in all pits.

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CHICAGO, 4

June 30, 1960

Recent world developments have and will continue to influence our way of life to a greater degree than ever before. Regardless of the handling of the U-2 incident, and there is room for criticism for the manner in which the government dealt with this situation, we now realize our frustrating plight in dealing with Communist leaders. They forced cancellation of the Summit Conference, walked out of the disarmament meetings, instigated riots in Japan, and have attempted to remove us from Berlin. They are breathing down our backs in Cuba, barraging the Island of Formosa at will, and performing other unbelievable acts of outright aggression that during more normal times would have provoked a general war long ago. We may not be all sweetness and light ourselves, but surely our intentions are honorable. When people use the word "appeasement" it has never been so well applied, but the truth is there must not be a war and everyone knows it, and often the only thing to do is to turn the other cheek, and sometimes that one gets slapped also.

There is only one answer and that is to remain prepared for the worst and hope it never comes. There can be no disarmament because the only deterent to war is a balance of power, and as history has proven fighting has been instigated only by those who were quite certain that they could be victorious. In the next 25 years the Communist Block, consisting of Russia and China will total over 1 billion in adult population, and we can oppose such size only with our present mechanical force. Though this may seem costly, it appears to be the only way. Unfortunately, a great amount is being expended for less necessary programs. The wheat we give to countries like Poland and the money to maintain an army in Yugoslavia seem like waste as the governments of those nations are politically opposite from ours and certainly cannot be counted on to support the policies of the free world. We have found it difficult to buy friendship, though we would gladly help those who behave like friends. When people talk, act, and live like Communists, chances are they are Communists and all the U. S. aid available will not change them. Actually, it probably encourages them. All of this is part of the unusual present-day diplomacy and was recently summarized in a statement by a prominent economist who said: "If you want peace, you must prepare for war." We are becoming more cognizant of this truth every day.

An authorization was issued to the UAR for 23,000 metric tons of flour or wheat on which purchases may be made as early as July 6th and delivery by September 30th. The pace of export business has slackened the past few days and some stimulus is needed for all markets. Weather is pretty good everywhere in the Southwest for harvesting and the peak of the movement might be reached in the next week. Even so, hedging pressure both here and at Kansas City has been light despite the fact that a fair percentage of the early run evidently was sold.

Weather is more favorable throughout the corn belt, but this grain and beans are growing in an uneven manner and according to the Illinois weekly bulletin, 10% of the latter mentioned crop remains to be planted. Wheat harvest is underway in the southern part of the state and the condition of the crop is considered excellent. About 15% of this grain has been combined in Missouri, while in Oklahoma harvest has reached its final stages with yields there exceptionally good. Rains have improved the outlook in Argentina where concern has been expressed over the possibility of a drought. Corn is almost entirely cut and the crop is smaller than normal and of poor quality, which could result in smaller exports this season.

Early strength developed in all pits when the announced intentions to deliver were smaller than expected. Relatively small amounts of corn and beans were posted by noon, though 177 contracts of soybean meal were announced for delivery. Wheat was firm, but the buying was mostly by locals and commission houses and hedging pressure remains light. The Southwestern Miller says that country and terminal prices are now well below the loan level, so that farmers are using the support program at an unprecedented rate. With this the case, the cash basis is somewhat improved. Rye displayed a better undertone, but this may have been somewhat in sympathy with other grains. Oat prices have improved the past few days and while the acreage is smaller than last year, reports from the country are generally optimistic and yields may be somewhat improved. July corn lost much of its early gain.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 1, 1960

After the close of the market yesterday, parity prices were released for mid-June, and wheat was down 1¢ to $2.37, which is an importantfactor because the loan is based on the June calculation. It would, therefore, place the support price this year within a cent of the minimum of $1.77 national average. Corn parity was also down 1¢ and beans were down 2¢ from a month ago, but this will not affect the loan levels for these commodities, as they have been previously established at $1.06 for corn and $1.85 for beans, the national farm average. The index of prices paid for commodities, interest, taxes, and farm wage rates declined 1% during the month to 299. This was the largest decline in any single month since December; 1955. Nevertheless, the June index recorded a new high for the month, about one-third of 1% above a year ago.

When our markets opened this morning they were more affected by weather and crop conditions than in some time. First of all, the Quaker Oats report was quite pessimistic with respect to the season's lateness, which apparently was having an adverse influence on the outlook for corn and beans. They told of another mostly wet week, which permitted very little cultivation in the main areas of the corn belt from central Iowa eastward. The report also told of a variable condition for both crops, and stated that as of July 1st, the over-all condition of both corn and soybeans was materially lower than in previous years, and predicted that unless conditions became better in the coming months, it would be difficult to expect yields of either corn or beans to anywhere near equal those of the past two years. There had also been some additional moisture overnight in central and southern Illinois, and the 5-day forecast foresaw the possibility of half an inch to an inch of rain with 2 inches locally, at a time when we have had comparatively little growing weather and the nights have been on the cool side. Weather, which is unfavorable for corn, is generally propitious for oats as the latter cereal cannot stand much hot, dry weather in early July. The Quaker Oats Co. stated that in the Midwest prospects for oats are tremendous from central Illinois eastward across Indiana and Ohio. The same, they said, held true in the western half of Iowa and eastern Nebraska. Oats now seem to be heading in many places and will need moderate temperatures during July for good yields and test weight.

According to a bulletin from the Foreign Crops and Markets, the Japanese market plans to import 200,000 metric tons of soybeans during their fiscal year. This would be an increase of about 4 1/4 million bu over the quantity taken the previous season. Most of these feed soybeans have been imported from the U.S. and a large portion will again be taken from here, which could also be a factor later on. The Santa Fe crop report was quite optimistic in nature and referred largely to wheat with the harvest delayed for over two weeks by damp, cloudy weather, and in many cases, excessive amounts of moisture. Harvesting had reached its peak from the Texas South Plains through Oklahoma to south central Kansas and southern Illinois.

In Broomhall's gossip this morning he commented that the general outlook for winter cereal crops had improved in New South Wales after the recent rains. Based on statistical data to-date, he looked for an estimated wheat carryover at the end of the crop year of about 77 million bu.

Primary receipts of wheat were up to 2 1/2 million bu, which was a million more than last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 565,000 bu. We shall not have nearly the increase in the visible next Tuesday that we had a year ago when it amounted to 17 1/2 million bu.

There was short-covering in corn and beans right from the start. Later the bean market ran into stop-loss buying. The mid-day forecast was quite good for Iowa but not as favorable for Illinois and Indiana. In any case traders evened-up before the extended holiday. Wheat was a shade higher early in the session and there were reports of some sales to India. Later some hedges came into the pit. The oat market was quite firm considering that the tenor of crop news was somewhat improved.

There hasnot yet been any appreciable increase in flour demand. Last year there had been a big volume over the 4th of July, but it is doubtful whether this will be repeated. Soft flour mills are not actively quoting due to the delay in red wheat harvest.

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CHICAGO, 4 July 5, 1960

Agricultural exports by the U.S. have set a new volume record for fiscal 1960 and it is interesting to note that cash sales were the highest of record. They totaled 3.3 billion compared with 2.4 billion the previous year and were 70% of the total amount shipped. Cotton was the major reason for the increase but wheat, corn, oats, vegetable oils and soybeans also enlarged. Only once before has the value of goods cleared exceeded this past season's level and that was in the 1956-57 season at the time of the Suez Crisis. On this list was 510 million bu of wheat and flour and 10.4 million tons of feed grains. Two-thirds of the items in this group were imported by European countries to supplement reduced forage production after last summer's drought and to meet increased feed requirements for an expanding livestock industry. It seems as though Europeans have taken to meat eating on a large scale as we have in this country. Cotton clearances more than doubled in value compared with the previous year and vegetable oils moved at an expanded pace and likely will set a new record. As a matter of fact, total agricultural exports equaled production from 57 million acres of crop land, which is one out of every six acres harvested in this country. The major foreign markets for U. S. goods remain the same as in recent years, and include the U. K., Canada, Japan, Western Germany and the Netherlands. India is the largest user of our wheat. The outlook for the next fiscal year is promising but no projections have been made as yet. Surprisingly soybeans totaled 14% of the exported acreage and are certainly a commodity of growing importance in world trade.

Moisture was general over the week-end with varying amounts and heaviest rainfall fell in the northern sections of the corn belt. Temperatures are still cool and comments are mixed. Some farmers complain because of flooding and in sections of Iowa precipitation is needed. The Milwaukee Railroad crop report says corn is generally 10 days to two weeks behind schedule, but fields generally look good with corn knee high by July 4th in the areas of Minnesota and northern and western Iowa covered by their line. Drier weather is needed to permit cultivation, though by now most of this work has been accomplished. There will be a private estimate tomorrow covering both corn and soybean bushel production. The trade is anxiously awaiting this figure though changes probably will be reported between now and harvest as growing weather henceforth will be of utmost importance. It does seem certain that the soybean acreage will be higher than the earlier government prediction.

According to the USDA small but persistent selling of soybeans by the CCC continue and will do so on any further market strength. Processors indicate no difficulty in buying their daily crush at country stations at bids about 1¢ under the July for prime billing. Heavy exports of this commodity have been counterbalanced by small crushings and lagging markets for products. This government agency has been a heavy seller of corn from its reconcentration program the past few weeks, as we have mentioned in quoting weekly sales figures. New crop wheat is moving in heavy volume through much of Kansas and eastern Colorado, but only a small portion is being sold and upwards of 95% thus far has gone into the loan according to trade advices. Space is becoming scarce and with yields larger than anticipated some selling might be forced where room is not available.

Chicago stocks of wheat declined during the week, leaving 679,000 bu. However, the harvesting of red wheat will change this situation shortly. Corn supplies decreased 332,000 bu leaving less than 26 million in this market, of which the largest percentage is government owned. Local supplies of oats were reduced slightly, and here too will build up towards the end of the month when the movement begins. Rye, including that in bond, increased fractionally to a total of 1 3/4 million bu. Bean stocks declined 211,000 bu, and almost 4.4 million bu are still available including one million CCC. Deliveries have been light and demand for Chicago supplies of this commodity could depend on the outlook for new crop beans.

Markets were firm and buying developed in all pits shortly after the opening. Wheat was more influenced by Kansas City as offerings were light despite the large receipts there, and that market gained on Chicago. Corn, particularly July, was strong. The corn-hog ratio continues to improve and now stands at 14.7, which is better than last week, and compares with 11.9 a year ago. New crop months of beans registered season's highs, and rye was firm influenced by Canada. The visible supply of wheat increased 13.5 million bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 6, 1960

The Galvin report was eagerly awaited this morning, and main emphasis was placed on corn and beans because of the retarded season and the difficulty that most people had in trying to evaluate the outcome of these crops. The condition of corn was reported at 81% of normal, which was a drop of 7% from last year, but only a lowering of 3% as compared with the 10-year average. The production figure was given at nearly 3.9 billion bu, and while this was a cut of practically 500 million bu from last year's record yield, it still promises to be the second largest crop of record. The plant is now said to be in need of warm, dry weather, and according to the 5-day outlook temperatures will not be far from normal, and only small amounts of precipitation are expected for Iowa, Illinois, and Indiana. A small amount of intended corn acreage that could not be planted to this cereal went into beans, with the result that the acreage for soybean harvest is estimated at 23.8 million, and this year's production is tentatively figured at 549 million bu, which is about 11 million more than last season. Here again, weather conditions throughout the growing season will have the major influence on final production. If we can count on a carryover reserve of about 40 million bu, we shall have a total supply nearly as large as we have had for the last two years.

The wheat figures, including winter and spring, suggest a crop of 1,347 million bu. If this is borne out it would be 76 million more than was estimated by the government in June, and on basis of current expectations for domestic consumption and export, we could add 222 million bu to the carryover reserve one year hence, which would give us total reserves by 1961 of 1.5 billion bu, or a new high for all time. Production of oats suggests a comparatively small crop of 1,143 million bu. However, it is slightly higher than last year's failure crop. The relatively low temperatures and frequent rainfall, which had affected corn adversely, apparently benefited the oat crop. However, the acreage sown to oats is small this season, showing a reduction of nearly 10 million from the 10-year average.

Reviewing the figures just cited, there were not too many surprises. First of all, everyone had figured with the wonderful reports from the Southwest that the winter wheat crop would be increased, also spring wheat is now slightly better than average but far above last year's poor result. The corn acreage was nearly up to that of last season, at which time theincrease of 11 million acres was definitely related to the removal of the 25-year-old acreage allotments, but it was hardly fair to hope for a repetition of the 4.3 billion bu crop produced last year when the condition was 88% of normal and when everything went well during the growing season, including delayed frost in the fall. It is interesting to note that while some corn is grown in every state, the seven states making up the "Corn Belt" annually produce nearly 70% of the total crop on less than 50% of the total corn land.

Primary receipts of wheat were not particularly large and amounted to 2.7 million bu which compared with 2.4 million last week and 2.9 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,350,000 bu.

Trade started off slowly but after the private report was issued there was some liquidation in wheat owing to the fact that the crop turned out better than had been anticipated in the June government report. Furthermore the seven states comprising Illinois, Indiana, Ohio, Michigan, Missouri, Pennsylvania and New York have a prospect for a winter wheat crop of 240.6 million bu compared with 202.7 million last year. This will not be entirely soft winter wheat because some of it is hard, but nevertheless the red wheat crop is bound to be considerably better than last year, and Illinois has a chance of raising 51.4 million bu. This also had more influence on July wheat than the later months. Beans were weak and withthe prospect of having almost as big a total supply as last season, some liquidation took place. Corn held relatively well but there was some selling in this cereal and best prices did not hold, and in fact the close was a fraction lower except for July. Rye, which had been fairly strong yesterday, was weaker in today's session partly in sympathy with wheat and also because the government rejected subsidy offers on exports. The Agriculture Department late yesterday announced a support price of $1.78 which was 1¢ above the minimum. It was difficult to see any large amount of hedges taken out of the wheat pit although India purchased 5.6 million bu of hard wheat for August shipment via the Gulf.

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CHICAGO, 4 July 7, 1960

According to the weekly state reports, conditions vary considerably as far as corn and bean progress is concerned. Weather will be important the balance of the growing season, but the near-term outlook is improved with the forecast for sunny skies and warmer temperatures. The Minnesota report states that both crops are seriously retarded in a large part of the main producing area with the average height less than half of 1959 when the early season growth was rapid. Corn in Illinois averages 20 inches compared with 38 a year ago, with weeds still a problem. 8% of the soybean crop remains to be planted in this state but beans show good color and are growing nicely. It is thought that a period of good weather will allow for both crops to catch up. If the final production of corn does approximate the 3.8 billion bu in yesterday's private report, many people wonder how to interpret this figure. It is true that this would be a 500 million bu reduction from last year, but it would be the second largest crop on record. We find through the years farmers pretty must adjust usage to supplies. In Illinois and most corn states, hogs consume about half of the corn fed to livestock while cattle eat around one-fourth. The balance is available for such manufactured articles as starches, corn syrup, and other wet milling products, which account for 4%. Food for human consumption takes 3% with 2% used for alcohol. The remaining 1% is for miscellany such as seed. During years of plenty farmers feed their animals with a shovel and during years of scarcity with a spoon. Since we will carry over close to 2 billion bu of corn next fall, it is doubtful whether much if any inroads in this reserve will be made next season.

Soybeans probably have received as much impetus from the products as they can expect for the time being. The soybean meal cash basis had improved but is now about holding steady as most processors are working close to full capacity. Oil prices were firm and made season's highs earlier this week as the export demand for this product has been active. Now that the Spanish sale has been completed no further business is immediately contemplated, so it seems unlikely that much direction can be given to soybeans by the products. The July shorts in beans were disappointed by small deliveries, and many covered though with yesterday's crop report and current weather outlook, there is little reason for enthusiasm presently. It is true that exports continue at a high rate, and for the week ended July 1st totaled almost 3.4 million bu compared with 2.6 million the comparable week last year. Since October 1st, clearances have amounted to 111 million bu or better than 21 million bu in excess of a year ago, and now seem certain to surpass USDA's projected season's total of 125 million bu. Even so, supplies next fall could be close to those of a year ago, as a carryover of 40 million bu is still anticipated. Though no production figure will be given in Monday's government report, the acreage figure for harvest will compare with 22.4 million a year ago and Galvin's figure of 23.8 million acres forecast in yesterday's release. Some traders were surprised that yesterday's acreage figure was not larger as state reports had indicated more of a switch from other crops to soybeans. If this is the case, and if weather remains favorable, there could be further pressure on this commodity.

The Canadian grain acreage report issued yesterday afternoon shows 22 1/2 million acres sown to spring wheat in line with last year's acreage. Oat seedings likewise were similar to 1959, and rye acreage is very slightly increased. A fairly substantial increase was indicated for flax.

Primary receipts of wheat were 2.6 million bu, the same as last week and compared with 4.1 million a year ago today. Kansas City and Minneapolis stocks increased almost 1.9 million bu with most of this in the former market, which of course represents harvest movement.

Chicago wheat was under pressure during most of the session as some hedging was visible. Excellent weather prevails over the entire wheat belt and in the next week or 10 days the red wheat crop should begin to move on a fairly large scale. Oats were also lower, influenced by good weather for maturing of this cereal. Reports indicate that conditions of this grain are extremely variable with some fields excellent and others exhibiting poor stands and color. In Illinois only 5% are ripe compared with 40% by this date in 1959. We do not consider indicated production as large, and think that there is little risk in being long this grain though we normally get a movement following combining. Local covering rallied beans.

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CHICAGO, 4 July 8, 1960

Earlier in the week, USDA announced minimum support prices for the 1961 wheat crop. This has been done almost every year in advance of planting so that farmers could make their arrangements for the season ahead, knowing what to expect by way of minimum prices. Unless growers disapprove quotas, the law provides for a variable support between 75 and 90% of parity. The advance support price reflects the lower percentage range: namely, 75% and thus farmers are assured that they will get at least as high a loan next year as they do at the present time.

Under the circumstances, it seems unlikely that the Congress can do very much to change farm legislation, insofar as wheat is concerned, at least for another year. They missed their opportunity by not meeting the crisis, even though there was a general awareness that the present program was unworkable and merely tended to increase the surplus situation. Now that political platforms are being written, professors and other agricultural experts are being consulted, but thus far we have not heard anything very constructive owing to the fact that hardly any mention is made of the laws of supply and demand, which in the past have regulated production far better than acreage allotments or Soil Bank programs. The only fair price, after all, is an equilibrium price which coordinates production and consumption. This is the price which moves the whole crop into consumption without a shortage and without a burdensome carryover. Before the time that we had these political schemes, wheat brought a fair price in almost every country, but yet not high enough to stimulate production to an extraordinary extent. On an average the world produced very nearly its annual requirements. In years when one or two countries had short crops, stocks at the end of the season were very largely depleted, and in years of plenty they were moderately increased. The trouble began when prices were held above their merit through artificial means so that farmers learned to produce more efficiently on smaller acreage, while at the same time the high price level encouraged European countries to become more self-sufficient, and thus reduce their imports except by granting them special favors such as permitting them to make purchases on basis of their own currencies, etc.

Not only have we been unsuccessful, but every country that ever tried to interfere with normal laws of supply and demand met with the same fate. Cuba tried to uphold sugar prices artificially, while Brazil attempted coffee valorization. The British tried to stabilize rubber prices, and here at home the American Farm Board set up a revolving fund to prevent price declines, but all political attempts which even appeared right in theory had their secondary consequences, and the dire results showed the absurdity of any price-fixing attempts. It is high time we learned from these experiences.

Overnight weather was rather encouraging although despiteall the rains that have occurred, we are getting some dry reports from parts of Iowa, while the weekly report spoke of showers during the first half of the week, which had retarded field work. Warmer weather is desired for more rapid development of late-planted fields of corn and soybeans and indicated temperatures are more seasonal. In Missouri crop prospects declined during the past week; there was some flooding of small streams, while elsewhere crop conditions declined as the result of insufficient moisture. Generally speaking, however, the good news outweighed the bad.

Primary receipts of wheat amounted to 2.9 million bu, which compared with 2.5 million last week and 4.2 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.3 million bu. When the visible is posted on Monday wheat may not show as large an increase as last year when it went up 16.4 million.

Trade was not particularly heavy. In beans, there was some spreading by way of purchase of July which gave the nearby month comparative strength. The new crop futures were more influenced by the good weather forecast. The same trend prevailed in corn with the nearbys firm while new months were inclined to weakness. There was flour business reported, and at one time Kansas City was up more than 2¢ per bu, but this had very little influence here. The local crowd is expecting some hedges on Monday because with good weather, harvesting operations in southern Illinois will be near completion but this may not offer too much pressure as the crop in that section is reported small. Oats did a little better and without a big carrying charge we think there are possibilities in buying the deferred months.

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CHICAGO, 4 July 11, 1960

This week is the real start of the next political campaign. Both parties will meet and decide before the end of this month on a candidate, one of whom will be elected to the highest office in the world. The wisdom of our choice matters tremendously especially during this turbulent era when we find ourselves in a rocket age in which every corner of the earth can be reached within hours or less. As we are neighbors with people who threaten to destroy our very existence, it is important that our own house is in order, so that energies can be devoted to maintaining a peaceful and harmonious coexistence. This has proved to be costly and at times discouraging as some of the world leaders seem almost fanatically bent on the destruction at least of our economic system. As the political parties meet and form platforms, we hope that specific thought will be given to constructive measures that will best improve the economy of this country and that fancy phrases merely for sound effect will not be used. Agriculture will be a major issue in the campaign and past programs have failed to eliminate costly waste. Only a small percentage of the total farm production constitutes most of the trouble. If surplus commodities such as wheat and feed grain supplies could be eliminated, steps could be taken to return free markets to farmers, release federal funds for more important projects, and no doubt improve the agricultural income situation. Realistic policies should gain more votes than evasive policies stated merely for their phonetic impact. The Commodity Credit Corporation currently owns inventories of $6 billion worth of surplus grains and total investments in price support programs are expected to surpass $10 billion upon take-over of 1960 crops. Now would be a perfect time for presidential hopefuls and policy makers to show good faith and common sense. We hope they institute programs that can be practically applied and offer real solutions as we know there are some that have been discussed publicly but never tried.

After the close of the market today, a government report will be issued with most attention centering on indicated bushel production for corn as well as acreage seeded to this grain and to soybeans. Traders are awaiting this release for comparison with theprivate report last week, as it will give a better indication of the crops expected for harvest in the fall. Rainfall was general throughout the corn belt over the week-end and though temperatures are not as high as desirable for best growth, the forecast is for warm and humid weather the next few days. Conditions in Canada are almost perfect for wheat and other grains as moisture has been ample, and reports from the Western Provinces are good to excellent. Rainfall in this country has delayed the wheat harvest which had begun in the north central sections and was about to start in the large red wheat producing areas. Of the first run, farmers are unwilling sellers and feel that by holding they might receive better prices later, or else take advantage of the government loan. Yields of wheat harvested in the southwest have been better than expected and testweight in some sections is the highest on record. Export demand is still quite fair and some flour has been sold overseas also. Mill interest has improved domestically which is normal for this season.

Stocks of wheat in Chicago decreased 87,000 bu leaving 592,000. Corn supplies decreased 330,000 to a total of 25.6 million, a good percentage of which is owned by the CCC. Oat stocks increased slightly, and the July has gained on deferred months as there is little chance of new crop arriving in this market in large supply before the end of the month. Including bonded rye, stocks of that grain showed a net increase of 280,000 bu, and there is now more than 2 million bu in Chicago. A total of 4.1 million bu of beans are available here following a decrease of 1/4 million bu.

Prices for the day were mixed and the market responded little to a story from Moscow which said that the Russians shot down an American plane July 1st over the Barents Sea. This is but another in a series of incidents to which the American public is becoming accustomed. July beans lost much of their Friday's gain in relation to new crop months, and traders are inclined to think that the government acreage figure will be somewhat higher than Galvin's. Higher prices in wheat were prompted by short covering indicating a disappointment in hedges. The weather played an important part in this lack of pressure. The only July open interest of large proportion is in beans at 21.6 million bu. However, this is quite a reduction from a month earlier and trade has been relatively calm and deliveries small.

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CHICAGO, 4 July 12, 1960

After the close of the market yesterday, the USDA published its crop production report as of July 1st. Total planted acreage of 333 million shows a reduction of 4.5 million acres from last season. This we believe is due to the fact that we had a late spring and all of the intended acreage could not be sown. In spite of this, the 1960 season bids for recognition as one of the nation's highest production years as individual reports will show. First of all, the total wheat yield was given at 1,347 million bu which was almost the same amount as indicated by a private expert last week although winter wheat was increased to 1,090 million bu while spring wheat production was cut to 257 million. A year ago the total wheat production in July was estimated at 1,155 million bu, but by the end of the season was reduced by approximately 27 million. In any event this year's prospective crop is nearly 1/5 larger than last season and nearly 1/4 larger than average. If the present figure is borne out we shall have the second largest crop of record, and it will compare with a banner yield in 1958 of 1,462 million bu.

Corn production surprised a good many people, and an estimate of nearly 4.1 billion bu is second only to last year's record of 4.4 billion and compares with an average crop in this country of only 3.3 billion. Here again we point out that between the July estimate and the final report corn last season showed an increase of 137 million bu. Whether the same will happen this year or whether we shall get a cut will, of course, depend largely on weather conditions. The 1% decrease from last year's planted acreage is also a contributing factor, and a retarded season has reduced the estimate of yield per harvested acre to 48.7 bu which is considerably below the 51.5 bu realized in 1959. However, it is far above the average of 41.6 bu. The total feed grain tonnage seems likely to fall below last year's record because of the smaller corn crop and likewise fewer sorghum plantings. However, oats production is moderately above last year and barley shows a slight increase. Also mention should be made of a 4% increase in the condition of pastures and a 3% larger prospective hay production. There was no figure given for the possible number of beans to be harvested, and we shall not have this estimate until next month. The government did, however, show the stocks of soybeans on farms July 1st, which were 42.1 million bu or an all-time high for that date and 17% above July 1st a year ago. The disappearance from farms from April 1st to July 1st quarter totalled 101 million bu which was also a record. While the 1960 soybean acreage is 5% larger than last year, some traders had expected more of an increase owing to the fact that it was estimated some land intended for corn might be diverted to beans. On the other hand the prospective increase in plantings over last year is about 1% under March intentions. Here again weather was a factor, and while it is true that soybeans can be planted later than corn and most spring grains, growers could not plant their full intended acreage in some of the northern areas, especially Minnesota. The government points out that although the crop was planted later than last year and later than average, the stands and growing conditions so far have been mainly satisfactory.

Primary receipts of wheat were 3.7 million bu which compared with 7.9 million last week and 6.6 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 672,000 bu. The visible supply of wheat increased 13.7 million bu and now totals 403.6 million. The open interest in wheat is only 70.2 million bu which shows that with so much wheat either owned by the government or in terminals that is not hedged, there is hardly any correlation between visible stocks and open interest as was the case in former times. The bean visible decreased 486,000 bu during the week.

When our market opened, beans were higher influenced by the government acreage report. Also there were some exports reported and the market ran into stops. Corn was under pressure with the prospect of another large crop, but July was the weakest future. Wheat prices were firm and there may be further delays in harvesting over the central areas if the rains materialize. On the other hand, Minneapolis July wheat sold off sharply on liquidation and some possibility of tenders. The government weekly crop report told of another week of sharply below normal temperatures that prevailed in the corn belt, but this news was minimized. It is a fact, however, that we are going to need increased amounts of sunshine to maintain present high estimates. There is still about 5.3 million bu of free corn in Chicago.

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CHICAGO, 4 July 13, 1960

It is impossible to deal efficiently with all grains in one uniform farm program or to use ancient history as a guidepost for future planning. The 90% price support theory was fine as a wartime measure to insure adequate output to take care of food requirements. Following the war these incentives encouraged overproduction and finally an acreage allotment plan was settled upon, but this was obsolete almost before it began because of the technological revolution in agriculture. For example from 1946 to 1950 an average of 1,185 million bu wheat was raised on an average of 76.7 million seeded acres, while production the past three years including 1960 has averaged approximately 1,340 million bu, a sizeable yield increase when we consider the per annum harvested acreage average is less than 55 million. The same trend has occurred in corn as an improved hybrid seed and use of fertilizer has upped acreage yields to the point that we are able to raise crops in excess of 4 billion bushels, almost double those grown 25 years ago.

Coincidental with the technical improvement has been the increase in the size of farms, and consequently, the declining number of farmers. As producers shifted from animals to tractors more land could be worked by fewer hands with greater returns. Even so, 96% of all farms are still family operated, the same percentage as a quarter of a century ago. Through efficiency they naturally have grown in size. However, federal aid has helped mainly the larger ones, so that land values have steadily risen while income has dropped. Farm legislation has been directly responsible for this situation as tampering with natural economic laws has brought on unnecessary surplus stocks of grain and has overwhelmingly depressed free market prices. It is no wonder that other nations find U.S. give-aways difficult to cope with. We flood world markets with surplus commodities at the expense of other export countries and this has been reflected by a downward trend in world commodity prices which started during the Korean War year of 1951. Our government has seen fit to become more deeply involved in prolonging agricultural waste despite the fact that farm citizenry is shrinking and now consists of less than 10% of the total population. Even worse, is the fact that over one-half of the farms in the U.S. have gross sales of less than $2,500.00 and produce only 10% of the marketed goods and in most cases get no price support aid. 90% of the federal expenditures for wheat go to half of the growers of the cereal, but experts agree that the low income of the balance cannot be corrected as these people own very little land or else run part-time or residential farms and many of them hold outside jobs. The answer to this problem should be nonpartisan and in the best interest of all farmers instead of the politicians who refuse to indoctrinate an intelligent and practical program. While they debate, taxpayers are forced to spend billions of dollars each year because these Washington representatives are afraid of risking their elective chances by returning farming to farmers where it rightfully belongs.

Soybean exports last week at 1.3 million bu were smaller than the 1.7 shipped in the comparable period last year interrupting the trend towards larger clearances of recent weeks. The cumulative total since October 1st is still 23.3 million bu ahead of 1959. Wheat prices were firm at the opening as some additional rain was received in areas where combining should be progressing, thus causing delays. Sunshine and warm temperatures would be ideal at this point for combining and as an aid for corn and soybean growth, as both crops are behind schedule and have been subjected to continued intermittent precipitation since they were planted. A professor at one of the Illinois State Universities says water standing in low spots has killed corn outright and has damaged stalks that remain alive. Root development is not normal, and naturally yields could be affected.

Soybeans were lower throughout the session influenced in large part by the weakness in the products. Meal was liquidated as the cash market has been at a discount for some time. Some export business is expected in flour as offers have gone out to the U.A.R. on 10,000 tons. Israel is also expected to buy 35,000 tons of hard wheat. Producers are reluctant sellers of their harvested crop as they prefer to hold back for higher prices or the loan. Primary receipts of this grain totalled 3.2 million bu compared with 2.8 million last week and 3 million bu a year ago today. Kansas City and Minneapolis stocks increased 1,190,000 bu with almost the entire amount of the former reflecting the harvest movement. Other grains eased and July rye made a crop low.

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CHICAGO, 4 July 14, 1960

During the nominating speeches at Los Angeles we have been hearing a good deal about agriculture from men in the farm states, and we have been told that the farm programs are costing taxpayers more money than ever before. There is no doubt that with the government holding such big stocks of farm surpluses, mostly wheat, corn, and cotton, that the cost to taxpayers has grown tremendously not only for the storing, the interest charges, and the handling, but also for the losses that are taken from time to time in moving surpluses into foreign markets by paying huge subsidies. It is unfortunate that probably the most important factor is seldom, if ever, mentioned: namely, that farmers are losing their markets and this has already been shown up in the cotton centers where the contraction of business has practically driven the middleman out of the industry.

Few of the politicians realize that we cannot forever pile up huge surpluses and make government warehouses the ultimate market. At the core of our problem that cries out for correction is one basic factor: namely, that old outmoded programs which attempt to legislate farm prosperity by supporting farm prices at unrealistic levels have failed. These huge costs that are needed to finance our farm programs threaten to unbalance the federal budget which finally will be harmful to all citizens. The government has today over $9 billion invested in price supported commodities of which about 85% is in corn, wheat, and cotton. In 6 years time the government has acquired 25 million bales of cotton - 2.5 billion bu of wheat - 2.7 billion bu of corn. The Commodity Credit Corporation's borrowing authority is $14.5 billion or more than the annual income of all farmers. We do not share the belief that higher loans will solve our difficulties. It may give temporary satisfaction to those who are producing for storage rather than for the market place, but in the final analysis we will only add to the surpluses by offering greater incentives to further advance technological developments in the agricultural field. The evidence of 25 years tells us clearly that we cannot balance supply and demand by means of present acreage controls, and thus far we have not heard of any solutions except some warmed over versions of the old outmoded unrealistic schemes that helped create the mess in the first place. We must quit trying to fix prices unrealistically but rather emphasize markets, increase efficiency, and competitive selling.

Weather was unseasonably cool but at least over the corn belt the rains seem to have ended. In Missouri farmers had the best workweek in over a month, and in Kansas the wheat harvest is about 75% completed. Latest tests of new crop wheat indicate that the weight per bushel will be the highest of record dating back through 1949. The weekly report for Illinois shows that corn is looking better with recent weather favoring growth and culitvation. Soybean planting is now completed except in a few wet spots. Wheat combining is progressing rapidly, especially in the southern half of the state, but harvest which is 50% finished is far behind a year ago when it was nearly completed by this date. The Iowa bulletin spoke of temperatures averaging well below normal with recent rainfall beneficial. As of last Monday about 50% of the corn crop had been laid-by which compares with about 85% at this time last year.

Primary receipts of wheat were heavier today and amounted to 5.1 million bu which compared with 2.6 million last week and 3.9 million last year. We had a rather firm market here and a few tenders are being made daily against July contracts, but Chicago is slower in building up a stock due to the fact that wet weather retarded harvesting. During the past week Kansas City wheat futures have advanced 2 to 3¢ while we are only fractionally higher, and this is due to a very strong holding tendency in that part of the country. So far this week Kansas City and Minneapolis stocks show a total increase of 1,681,000 bu. We heard that a fairly large business had been done to Brazil, but no large amount of buying took place in the pit. Other commercial business was not particularly heavy, and trade is unusually light in comparison with other years during July. Beans turned weak late in the day.

According to Broomhall heavy rains were received over large sections of the European Continent which may have resulted in lowering of quality and quantity as there was extensive lodging. The principal need now is for warmth and sunshine. In France the prospects have deteriorated due to unseasonably cool weather and numerous rain storms. Quality of the new wheat is now likely to be inferior with a higher moisture content. The same source tells us that official advices from the Soviet Union claim that conditions were mainly favorable for crops during the latter part of June.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 15, 1960

Despite small marketings of wheat in the Southwest following their bumper harvest, it is thought that a build-up of red wheat supplies in Chicago and surrounding terminal markets might be possible on a fairly large scale. A good deal of the hard wheat found its way into elevators as prices later in the season ordinarily are attracted to the loan level and farmers had this choice as to the dispositionof their grain. Furthermore individual producers in the Southwest grow larger crops than do wheat farmers in the corn belt for land planted to this cereal is a comparatively small percentage of the total acreage. At the moment the export demand for soft wheat is not broad, and since states that normally produce red wheat are expected to harvest 37 million more bushels than in 1959, stocks should accumulate at interior points. Farmers normally are reluctant sellers of the first run of wheat but in many cases they will sacrifice a few cents rather than bother with storage. This has been reflected in our market as carrying charges have widened as far along as December even though local supplies currently are small. If fair quantities are accumulated by elevators, it would be logical to expect the March future to lose on May at least until such time as an indication of export business for Chicago wheat appears. Such an occurrence might not come for sometime, if at all, with supplies available east and south on a larger scale than previously.

Activity in corn and soybeans will be more dependent on reports of crop progress. The major complaint from the growing area is the lateness of both plants averaging about 2 weeks behind normal. The 5-day forecast is for moderate temperatures and little precipitation which should benefit both commodities. In the meantime a few original tenders of beans on the July contract have circulated daily, but even with the large reduction in the open interest, about 17 million bu must still be settled before next Wednesday except through delivery. Recent experience has proven that it has not been a wise policy to press breaks, but little enthusiasm can be generated and rallies hold rather poorly. Unless soybean yields are affected by adverse conditions henceforth, it would seem as though strong markets can be utilized for selling. This is especially true as long as meal remains weak or unless soybean oil displays further strength on the basis of anticipated P. L. 480 authorizations.

Both oats and rye have been under pre-harvest pressure, and as far as the latter is concerned a crop of 29 1/2 million bu is officially indicated, 8 million bu more than last year. The oat crop will be only slightly larger than that grown in 1959 which was a near failure so that most of the available supplies might be utilized this season. There were some deliveries last night but these are oats left over and are of comparatively poor quality in contrast with the new crop which according to advices might be of rather high testweight owing to favorable growing conditions. If so, demand could be good during the ensuing season and there appears to be only a moderate risk in owning futures if further weakness occurs during the harvest movement.

Broomhall states that moisture conditions have improved in Argentina and wheat planting was not as much curtailed as had been thought earlier. Also corn exports had been at a good rate but as surpluses are small, substantial inroads have been made and the rapid pace might be slackened.

Primary receipts of wheat totaled 4. 1 million bu compared with 2. 9 million last week and 3. 3 million a year ago today. With good weather over the weekend, harvesting progress should be rapid and this was reflected in our market as hedging was larger than for some time. The visible supply of this grain when posted Monday will compare with an increase of 20. 6 million bu in 1959. Kansas City stocks increased 2 million bu during the week and space in some areas in the Southwest is becoming scarce so some increase in selling has occurred. However, when prices sink below the loan level farmers withdraw their offerings as much as possible. Flour business is moderate and no export business was announced overnight.

Beans were comparatively well supported, and oil and meal prices advanced somewhat due to conversation to the effect that there might be some processor shutdowns. However, there was no confirmation of this. Corn declined slightly and there are rumors that more of the free Chicago stocks may be delivered before the end of the month. Oats were under pressure and rye again registered crop lows as there is little confidence in this grain.

UHLMANN GRAIN CO.

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CHICAGO, 4 July 18, 1960

One of the most popular argumentative topics currently, as always, is the business situation and outlook. All sorts of predictions can be manifested on the basis of reliable statistics, but when totalled show that conditions are fairly normal, and even good, considering the unusual times. In May 67.2 million persons were working, 2% more than the year before. Unemployment in the past 12 month period has not changed, and stood at 3.5 million people which is less than 5% of the working force in the United States. This compares with 4.9 million persons out of work in May, 1958, a so-called recession year. History has proven that even in times of greatest prosperity 3 to 4% of the nation's eligible employees are not working often from choice. For comparison's sake it is notable that during the depression years of the 1930's, 15 to 25% were unemployed during the entire decade.

A rather good measuring stick of economic conditions is the amount of personal income that is being spent, and so far this year consumers have aided department sales by more than 2% over 1959, and a near record number of automobiles have been sold since January 1st. Though personal income reached the annual rate of about $400 billion, signs of inflation are ever present and private debts have enlarged by 14% in the past year to nearly $53 billion, which, of course, could tend to retard buying power at least for a while. In spite of the growing business investments in plants and equipment, there are a few signs of danger including inventory build-ups by businesses and consumers, and if these elements are forced to contract, a reversal could swiftly develop. In the meantime the government, both on the federal and local levels, continues pouring more money into every segment of the economy from schools to missiles, but as the public feels the increased weight of the expenditures necessary to finance these projects, they have begun voting down some of the bond issues and tax increases. While individuals, as well as the government, take on added indebtedness, it still becomes difficult to compare the 50's to the 20's in predicting a recession or depression because world conditions today are so unlike those of any other era. We are faced with the seemingly endless problem of preparing for an emergency which we hope will never come.

The weather turned quite good over the weekend throughout the corn belt with sunshine and warmer temperatures prevailing. This added greatly toward the progress of both corn and soybeans, but as fields are spotty and there is variation, weather will be of utmost importance the balance of the summer. In the red wheat areas combining is just beginning on a broad scale, and hedging pressure has come into our market. There has been little export demand for this class wheat, and at the moment, it is difficult to predict which direction the majority of this grain will move though it seems likely with the size of the crop, terminals should be fairly well filled. An extraordinary movement of wheat into storage, mostly for the loan, has occurred in the Southwest with less than 30% of the Kansas City receipts for sale. Even larger percentages in other sections have been taken in at country points for loan participation. Reports from Canada discuss the possibilities of a bumper wheat crop for that country as moisture supplies have been excellent.

Wheat stocks increased more than a million bu during the week and the total amount in local elevators is now 1.6 million bu. Corn supplies decreased close to 1 1/2 million bu, leaving in excess of 24 million, most of which is owned by the CCC. Oat supplies decreased fractionally leaving 1.4 million bu. Including the amount bonded, rye supplies showed a slight net increase, and a little more than 2 million bu are left in this market. Bean stocks were practically unchanged and there should be about 3 million bu in the free supply. With the open interest still above 16 million bu, July beans could be volatile between now and their expiration Wednesday. Prices were higher during the session with some buying against export sales announced for shipment late this month and in August. Some support may have accrued from the strength in oil, but meal values tend to be weak and currently incentives are lacking in this product. Wheat felt the pressure of hedging and prices declined, and it is noteworthy that Minneapolis July was a good deal lower. Kansas City, on the other hand, has been strong reflecting the into storage movement, but this has had little influence on our market. Following a lower opening, buying came into the corn mostly in the form of short covering, and the corn-hog ratio at 14.4 continues firm and compares with 11.1 a year ago. Except for the nearby month, oats held about steady. The visible supply of wheat showed an increase of 13 1/2 million bu.

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CHICAGO, 4 July 19, 1960

In their June edition of "The Wheat Situation" the USDA mentioned that the low level for winter wheat normally occurs in late June or early July. This year many traders have made commitments on the basis of this seasonal assumption, and still might be correct in spite of the fact they may have been somewhat premature since excessive rainfall and cool temperatures prolonged spring. Harvesting generally has been delayed, and the crop is moving a few weeks behind schedule. In four of the past five years Kansas City prices declined to a low of about 25¢ under the announced support, and did again this season though the large scale holding tendency has now firmed prices in the Southwest. In 1958 wheat was discounted as much as 44¢ under the loan resulting from extremely heavy marketings from the 1.5 billion bu crop which was an all-time record. This year's total production approximates that figure and while storage space was plentiful earlier, it now seems as though some overflow might have to be marketed which has slowed the return of confidence. Nevertheless the influence of the loan has predominated historically and could act like a magnet again this season, especially if free supply shortages become imminent. As far as red wheat is concerned, farmers are less inclined to take the loan and more important could be the amount of export business to develop in the months ahead. Few sales have been announced thus far though a large scale activity was noted in soft flours according to The Southwestern Miller, which over the weekend reached the largest volume of the season.

The situation in oats might prove interesting as the 1960 crop is forecast at 1,140 million bu, which added to a carryover of 200 million bu will give us a prospective supply of a little over 1.3 million, almost 10% smaller than last season and the smallest in 20 years. Prices declined recently, especially after some deliveries were made on the July contract, but the remaining oats in Chicago are comparatively of poor quality and were not eagerly sought after. The first sample of new oats taken in at our Gilman, Illinois elevator this morning tested 38 lbs. The quality of this crop is expected to be quite good which will create a demand. If this year's usage equals that of 1959-60, there will be practically no carryover next July 1st, and such a prospect can only generate a more enthusiastic attitude towards this grain.

A report issued by the Milwaukee Railroad verifies information emanating from country sources regarding the condition of growing crops. Corn prospects have improved in the past two weeks, but vary considerably depending upon moisture and planting dates. In general the plant fails to measure up to normal and though excellent prospects are in sight for western Iowa, the eastern part of the state varies and a retarded condition exists in large sections of Minnesota. On the other hand, soybeans have been more aided by present weather and a better than average crop is in the making over the sections of Iowa, Minnesota and Illinois covered by this line.

A fair amount of activity in July beans should continue through the expiration of that contract tomorrow as a good-sized open interest remains to be settled. Though original tenders at the start of the month were small, they have circulated daily and there seems to be little demand for the local supply of beans, mainly because of the freight behind them. Export demand continues quite fair with Formosa, Japan and France currently in the process of buying about 1 3/4 million bu for shipment this month and next. According to a private crop report, moisture is needed in most of the Dakotas along with high temperatures to improve the outlook for growing grains. So far wheat for the most part is exceptional, and the first harvesting of rye started yesterday in South Dakota. In the next 10 days a fair movement is expected in the Minneapolis market.

Carrying charges continue to widen in wheat as additional hedging pressure has affected mainly the nearby months. This, of course, is in anticipation of a build-up of stocks locally, and free supplies in Chicago now total 1.6 mil. bu. Shipments of corn from this market reduced local free elevator holdings to 4.3 mil. bu. There are just under 3 mil. bu of free beans remaining and the July contract of this commodity was under liquidating pressure during the session. Primary receipts of wheat total 5.6 mil. bu versus 3.7 last week and 4.8 a year ago. Kansas City and Minneapolis stocks have increased a total of 574,000 bu so far this week. Rye made a crop low. Some additional wheat has been tendered.

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CHICAGO, 4 July 20, 1960

Last November the New York Commodity Exchanges held a symposium and published a pamphlet in which the subject of free markets and the importance of commodity exchanges to the American economy was discussed. This is a broad topic, too much to handle in its entirety in this letter, but some of the highlights should be mentioned in conjunction with the important question of survival which is currently jeopardized by agricultural policies in Washington and federal inroads into the field of merchandising. If governmental agencies are allowed to continue tampering with natural economic laws they will completely destroy our wonderful free market system and cause the loss of valuable outlets that have been established over the years through competitive trading. In 1957-58 the value of all commodities traded in all futures markets in the U.S.totaled $38 billion, or $10 1/2 billion more than changed hands that year on the New York Stock Exchange. These sales were made by the same number of buyers and sellers at various prices representing various commodities and were for the accounts of producers, hedgers, processors, exporters, speculators and other commercial and private individuals.

Through these media all people everywhere are constantly and completely informed of any and all conditions and price changes governing these commodities. Each exchange becomes a common free marketplace where prices between buyers and sellers are established, insurance for perishalbe farm goods is provided, financing can be expediently arranged and speculation is encouraged and required to provide liquidity. When too much is produced and offered for sale prices tend to drop and when scarcities develop they rise, and the result is production balance without outside intervention, as price incentives are only offered when there is too little. These incentives should be the result of demand stimulated bythe public for an article in short supply, not by legislation for the purpose of encouraging surplus production of goods. When this occurs as we have seen, extra storage facilities are necessary, transportation costs increase, markets shrink and foreign outlets contract as food grain must be bartered or given away. This process is costly and unfair not only to farmers themselves but to the public who must bear the cost through taxes and higher priced consumer goods. Two weeks ago the President and Chairman of the Board of Trade of Chicago appeared before the Democratic Committee in Los Angeles and asked consideration for a compensatory payment plan as a solution to the current farm program. Contrarily the committee adopted a 90% parity plank. Today these same two gentlemen will plead their case before the Republican counterpart in Chicago and we hope they meet with more success. After all, if the heads of the government will not heed the advice of men who devote their life's work to the marketing of agricultural commodities, then how can they expect their failure prop plan to effectively control farm income.

Weather remains good and the 5-day forecast calls for near normal temperatures and practically no precipitation. Soybean exports last week were over 4 million bu and since the start of the season October 1st have been 24 million in excess of the same period last year. Storage space is becoming tight in southwestern terminal elevators, so that increased amounts of wheat may be forced on the market. The heaviest buying of the season occurred in soft flours overnight and coupled with hard winter demand by bakers brought early strength into our market.

We mentioned in yesterday's letter the possibility of a small carryover one year hence in oats. This conclusion was the result of estimated carryover figures published by the USDA. It now appears as though stocks July 1st were larger than had been anticipated. Thus, assuming utilization equal to this past season and a crop equal to the last official estimate, a reserve next July of at least 150 million bu is possible.

The weekly state crop bulletins verify that corn development is about 10 days behind average. The condition in Illinois as in Nebraska and Minnesota, improved somewhat during the week. Much of the same is true for beans, and oat prospects are more favorable that earlier expectations. Our wheat market was firm all morning as some of the soft wheat flour purchases covered bakers practically to the year-end. The expiring July contracts provided the usual thrills with the day's range in beans almost 4¢. A late rally put this month at a premium over the September. Corn on the other hand weakened and closed at a discount on the average of the range. Though July rye improved at the last, it expired near the crop low.

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[illegible] with the important question of [illegible] which [illegible] policies in Washington and federal impact [illegible] governmental agencies, are allowed to [illegible] would leave the world completely secure [illegible] and some methods of valuable [illegible] thus [illegible] futures trading. In 1957-58 the sales of [illegible] futures markets in the U.S. totaled $38 billion, [illegible] than [illegible] traded on the New York Stock Exchange. These sales were [illegible] at various prices [illegible] and were for the accounts of producers, handlers, processors, [illegible] and private individuals.

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CHICAGO, 4

July 21, 1960

Now that July futures have expired, the trade is turning its attention to other factors, and in particular crop development of corn and beans will be especially dependent on weather conditions between now and harvest. In recent years favorable weather during the season brought steady increases in production estimates. With ideal weather for crop development and a late frost date, the 1960 corn and soybean crops could approach records. On the other hand continued slowed growth together with an early frost could cut yields substantially. The last production forecast for corn was 4.1 billion bu which if borne out would be the second largest crop in history. This, of course, would be 6% below last year's record of nearly 4.4 billion bu and 7% above the previous high of 3.8 billion in 1958. Another factor, of course, is that corn stocks on farms totaled a record of 1,335 million bu on July 1st which was 9% above the previous July record reached in 1949. The average figure for July farm stocks was only 973 million bu; thus it can be seen that total supplies will again be very large, and in addition to this the hay and forage crops will also be big. This will be partially offset by a smaller sorghum crop as plantings were lower than in 1959. Altogether we have had a very satisfactory crop year thus far even with the cool weather and especially the cool nights. Moisture made up in large part for the lateness of the season and our food grain production is expected to be about 18% above last year. Winter wheat is gradually reaching a stage where weather is no longer of too much importance. On the other hand, the season is still young for some of our other crops and much could still happen to change the picture between now and harvest time.

The soybean crop is progressing rather satisfactorily and for Illinois the condition improved slightly last week, but remains below average due to late planting. The acreage sown for all states was about 5% above last year and only slightly smaller than the record stand in 1958. Strangely enough not much land was diverted from corn or other crops to beans, and the final bean plantings were pretty much in line with the intentions that were reported last March although in northern areas wet weather prevented all of the intended acreage from being planted.

According to the Iowa bulletin this morning the average height of corn is about 42 inches for the state as a whole. Growth is most advanced in west central and backward in the northeastern and southeastern districts where the height is only about 30 inches. Overnight there were a few scattered showers across central Alberta and the southern fringe of Saskatchewan and Manitoba. They are hoping for some good rains to maintain present high prospects. According to Broomahll the wheat acreage in Argentina will be smaller than last year even though the drought has been broken. Planting is still underway in some sections and work should be completed shortly over most of the country.

Within the next day or two the Republican Party will finish the draft of its agricultural platform. Efforts to support the prices of these commodities have claimed public attention since the early 20's. We repeat again that the market cannot be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself and without detriment to the general welfare. It is not consistent to believe that any permanent program based upon a constantly rising loan price can do anything but achieve the inevitable result of the accumulation of unmanageable and unworkable surpluses.

Primary receipts of wheat were quite large at 5.6 million bu which compared with 5.1 million last week and less than 3 million last year. Kansas City and Minneapolis stocks so far this week show an increase of more than 2 million bu.

Trade was, of course, much less active. Beans, after selling off, recovered and staged a 2¢ rally. There was some stop-loss buying and also some talk that the crop was blooming on a short stalk. All but the September future made a season's high, and for a time meal was weak with several delivery months making lows although the market rallied on local short covering and some commission house buying. Wheat was very firm and there was not much pressure. Flour business was slow but hedging pressure was light. Commercial warehouses have signed up 4 billion 170 million bu of space through July 15th under the Uniform Grain Storage Agreement. The final total is expected to equal or exceed the amount under the former storage agreement. Corn was very firm and July is mostly a month when declines fail to materialize irrespective of good crop news. Weather should become warmer.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 22, 1960

In spite of the adverse publicity that has been given cigarette smoking including cancer scares and its effect upon our hearts, figures show that in the fiscal year just closed the output of cigarettes has reached a new high for all-time, namely 500 billion. This is 20 billion above the year before and explains in part the high usage of tobacco for this product, although of course the increased population has undoubtedly had something to do with the result.

The government issued figures late yesterday showing that 529.2 million bu of corn had been impounded under the loan, and this was an increase of 16.9 million over the month earlier. The large quantity that went under support was surpassed only by the 550.8 million bu from the 1948 crop. Of course, last year's production of nearly 4.4 billion bu was also a record, and therefore it should not be too surprising that large quantities should have sought loan entry. On the other hand there was about 16 million bu during the month redeemed so nearly as much came out as went in, and total redemptions fromthis crop amounted to a little over 33 million bu. Not much attention was paid to these figures nor to the 17 million bu of soybeans that had been withdrawn from the loan during the month, making the total nearly 40 million bu.

Probably more attention centered on weather forecasts with some cooler temperatures in sight and the possibility of a good deal of moisture that is expected for the corn and bean states. Warmer weather in our opinion was probably a good thing for corn which requires a good deal of heat during the growing season, and it is particularly necessary this year because of the late start and the fact that we have had sub-normal temperatures and cool nights. News came from the Southwest that vigorous strength had prevailed in hard winter premiums, and this is the result of the large percentage of wheat in those areas that seems to be going into the loan. On the other hand, space is becoming acutely tight although up to the present time has not yet forced any increased amounts on the open market. While export business was not particularly active, we note that of the $130 million that was granted to the Polish government for agricultural purposes, about 37 million bu of wheat will be bought from this country and about 4 million bu of grain sorghums. They will also take about 2 million bu of our corn, all of which is to be paid for on basis of their currency. During the first two weeks of the new crop year our wheat and flour shipments were 13.8 million bu or much the same as last season. Since October 1st we have cleared 168 million bu of corn compared with 174.3 million a year ago. Returns from the wheat states indicated that the referendum had passed by a favorable vote of 87.3%. It was a foregone conclusion that farmers would act affirmatively, the same as they have done in the past.

Overnight rains were light in the Northwest, and our advices from Canada stress the need of a good general rain in all three provinces to put a stop to any further deterioration of crops. From Europe, Broomhall tells us a semi-official estimate of this year's Italian wheat crop places production at 7,350,000 metric tons which is much below last year's crop of 8.5 million tons, and it is therefore anticipated that some imports will be necessary.

Primary receipts of wheat were over 5 million bu. This compared with 4.1 million last week and 2.1 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.8 million bu. When the wheat visible is published next Monday it will compare with last year's increase of 13.3 million bu.

Markets were mainly lower earlier in the session. Chicago elevator concerns were good hedgers of wheat here, but there was also commission house absorption so that net changes for the day were not very great. Beans showed the greatest activity, and after some reactions early there was considerable buying and the deferred months gained more than did the nearby as prices moved higher. There was a report on the Broad Tape that millions of acres in Russia had been destroyed last spring by giant dust storms, but it is doubtful whether this was the cause for much of our buying here. More attention was paid to a news item that a West German Defense Ministry spokesman had stated that the Soviets and East German Communists had built up an iron ring of heavily armed troops around Free West Berlin. Some weekend evening up took place with a little short covering in rye, but generally speaking there was no important feature to affect this cereal. Soybean meal, which had been so strong yesterday on a recovery movement, eased a little today.

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CHICAGO, 4 July 25, 1960

Much has been written during the past few years of the heavy gold shipments from the United States although generally speaking there has never been any real reason for alarm although some economists have stated that, if the outflow of gold continued, we might within the foreseeable future devalue the dollar again as we did in the early 1930's. Apparently neither the loss of gold nor the likelihood of dollar devaluation are regarded as very serious at the present time, and neither of these factors are being discussed at all in the political platforms. To review the gold status we emphasize here that the statistical position of the dollar by any measure is still very strong. In 1913 we held one-fifth of the world's gold stock, in 1928 it rose to two-fifths, by 1949 it had reached a high for all-time with two-thirds of the world's gold held at Fort Knox, and today we hold slightly less than one-half of the world's monetary gold.

Thus there should be no reason for alarm even though our balance of trade is still very one-sided. During the past decade the United States has furnished the rest of the world by means of imports, investments, loans and economic grants with $16 billion more than foreign nations spent here. Thus a good deal of the public philanthropies were carried on by federal agencies, and undoubtedly much of this money will never come back. With taxes as high as they are at the present time, we envision a situation where for many years to come philanthropy will be carried on by the state rather than by individual initiative as was the case over the past 100 years. At least private giving will not be on the same heavy scale as was formerly the case. It was about 5 years ago that the New York Times reported that John D. Rockefeller and his son, John D. Jr., had during their lives contributed between $2 and $3 billion to promote the well-being of mankind. This may never be possible again for any family irrespective of its charitable ambitions.

The Republican Platform will be made public tomorrow and while the agricultural aims may not be as spectacular as those of the Democrats, it is evident that both parties openly admit that the farmers are having money problems. There will undoubtedly be emphasis on many new gimmicks such as bigger and more food for peace in an effort to get rid of surpluses, and probably another approach to the surplus problem will be acreage reduction through various payments-in-kind in an effort to retire a good percentage of the agricultural acreage which is now producing large crops and building up surpluses. According to the preliminary Census Report of 1960, less than 9% of the total population lives on farms, and the Census also shows that there are only 4.1 million farms which is a reduction from 5.4 million just a decade ago.

High temperatures during the past 10 days have used much of the surplus moisture in Canada, and rain is now required in most areas. Some burning of crops has resulted from the heat, but apparently this is confined to small isolated cases of late sown crops. Advices from Winnipeg say that the crop is still holding up fairly well on the lighter lands, but is beginning to burn, and that all crops are drawing heavily on moisture supplies. The Census Bureau Report showed smaller crushings for June than either the month earlier or for last year, and the season's total is 10 million bu less. Broomhall looks for a smaller wheat acreage in Argentina despite the drought-breaking rains and some of the land will be turned over to rough pastures. Thus Argentina may come up with a very modest exportable surplus of wheat for 1961.

Chicago wheat receipts were heavy today and during the week stocks increased 4.8 million bu totaling 6 1/2 million. There was some pressure on the wheat market with December at a season's low. Corn stocks locally decreased 800,000 bu leaving 23.3 million here. Beans showed a small increase and total 4 1/4 million bu.

Trade was probably not as heavy as on Friday, but there was a fair amount of liquidation in beans, part of it being a reflection of lower prices for meal, but also the weather was considerably improved and there had been a few rains over the weekend with probably more likely according to the 5-day outlook. Flour business was slack and commercial trade was on the quiet side. Corn prices declined and those who had traveled through the country over the weekend reported a spotty condition, but nevertheless headway had been made during the past week. After the close of the market today the government will issue a report on stocks of grains in all positions as of July 1st. Rye was quite weak.

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UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS GRAIN EXCHANGE
WINNIPEG GRAIN EXCHANGE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 26, 1960

Stocks of soybeans in all positions July 1st project a carryover close to 40 million bu. Last October 1st, 62 million bu of this commodity made up the reserve and supplies currently are 21 million bu less than the 157.5 million available on that date in 1959. If the utilization rate prevails at the same pace, year-end supplies in the fall could be less than this figure. Crushings are still expected to be close to the 400 million bu goal set by USDA, but if not reached exports will more than take up the slack. Production, marketwise, will be the most important factor and some moisture was received in many areas overnight. In spite of recent improvement to both corn and beans, fields show an uneven growth and comments vary. The first government bushel report will not be issued until August 10th, so that it is difficult to ascertain to what degree yields might be affected by the unusual growing season.

We have been aware of the large feeding program carried out by farmers and corn disappearance has set a record. Despite a July 1st supply of 355 million bu more than the previous year, 253 million bu more was used showing that farmers feed on a heavy scale when supplies are plentiful. Conversely, per animal consumption normally is reduced when production is smaller.

Including imports, rye supplies this season will total about 4 million more than last. The September future in Chicago is currently 11¢ below the level on the same date 12 months earlier which should amply discount the difference in amounts. Pressure has been great as the harvest movement is underway. Chicago stocks are not burdensome, and with the 265,000 bu presently enroute from Ft. Williams will give us a little over 2 1/4 million bu locally. Confidence may develop slowly but more of this grain could find its way into the loan whereas last year little more than 1 million bu was impounded.

The carryover of oats was 270 million bu vs 367.5 million in 1959, and this year's crop should be slightly larger than the previous one. A smaller reserve is likely one year hence assuming this past season's rate of consumption is maintained, but this is partly reflected by current market prices. Wheat carryover of 1.3 billion bu was in line with expectations and mill and elevator interests in Chicago predict an accumulation of about 12 million bu of this cereal in our market. This means that the foreign demand for red wheat will determine to a great extent spread differentials in the months ahead.

There is much interest in prospective farm legislation when the new Congress goes into session, but it appears as though the two political parties offer nothing definite in their platforms. Both seem to agree that food giveaways and the idling of crop land are necessary to reduce surpluses. This is an obvious fact, but the methods in accomplishing these ends are not so easily decided. Whatever occurs cannot adversely affect wheat for 1962 as next year's program has already been approved by farmers and will be at least the same acreage as this year, promising another large output assuming an average growing season.

A private report indicates moisture would be beneficial in the Northwest as small grains have lost ground the past week in most of North Dakota. Somewhat more favorable conditions exist in Minnesota and South Dakota as the crop is more advanced. Corn and soybeans for the most part look good. The need for moisture is also becoming widespread across the Canadian Prairies.

Markets were generally better supported with soybeans leading the way. The nearby month of this commodity gained on the prospect of a smaller than expected carryover. However, new crop beans usually arrive in September and could be available early enough this year to keep this month from widening more. Wheat was also higher, and the official weekly weather resume says 9/10 of the harvest of this grain has been completed in the soft winter wheat states. Dry conditions in the Northwest have hurt the yields of wheat and oats, but the latter grain has made good progress in the larger producing areas and is rapidly reaching maturity. Corn development has been satisfactory and moisture supplies are adequate though rains will be needed to insure growth the balance of the season. Domestic flour bookings were of moderate size though a little better interest appeared overseas. Hedging pressure has decreased and a good portion of the grain arriving in Chicago applies on previous contracts.

Primary receipts of wheat totaled 8.2 million bu vs 5.6 last week and 3.1 a year ago. Kansas City and Minneapolis stocks increased 411,000 bu.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

MANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

July 27-1960

CHICAGO, 4 July 27, 1960

recent market letter that according to the last Census
ne in the number of farms in the country from 5.4
at the present time. This is due largely to the fact
ger than they formerly were. For example, during
sed from an average of 174 acres to over 250 acres,
ver farms. By the same token the average size of com-
tinue to increase. To have an intelligent conception of
be stated that less than 1.3 million farms have annual
more per year. They produce 80% of the farm pro-
vast number of farms in this country that are occupied
raise just about enough for their own consumptive
od, fiber, etc., and only furnish enough additional
million off-farm persons at the average consumption
at the small farms which are large in number are
commercial business since they do not have sizeable
peak of the average farm today being 250 acres, it does
ct that many of the farms are a good deal larger, and
by far the greatest amount of our farm products that
o market. The important thing to remember is that
2/3 of our farms raise merely enough for themselves and one other person. In these circumstances it is difficult to devise a farm program that will materially benefit these smaller farm units.

The total wheat supply for the marketing year starting last July is now estimated at a record of about 2,660 million bu, or more than 9% above the previous record and 30% above the 1954-58 average of 2,034 million bu. In present calculations we do not make allowance for imports of 7 million bu because this is largely a feeding quality wheat or of wheat that is used for seed. Nevertheless, a further projection can be made on basis of the government's estimate that domestic disappearance during the present crop year will amount to about 625 million bu, which is slightly above the estimated quantity for the previous year. Exports are estimated at about 500 million bu, and if all of these figures are borne out and present crop prospects are maintained, we shall probably have a carryover reserve on July 1, 1961 of about 1.5 billion bu. This again would be a new record for all time. In Broomhall's Foreign Crop Summary this morning he speaks of unsettled weather over the European Continent with rains of varying intensity. As a result harvesting of crops has been retarded and there has been further lodging in some instances. There are also complaints that quality has been lowered and that both warmth and sunshine are needed over wide areas to hasten maturity and also to permit harvesting. We had a private report from Italy a few days ago confirming this situation and it was stated then that Italy might be an importer of wheat in the months ahead.

Primary receipts of wheat were 3.8 million bu which compared with 4.3 million last week and 2.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 940,000 bu.

Wheat prices advanced again. There was very little pressure and in fact we have not had much hedge selling here with the soft winter wheat mostly harvested over the Midwest area. We think that with the artificial aspects the market will finally do better. Beans were strong for a combination of reasons, with season's highs today. Some moisture in the way of scattered showers is indicated for the corn and bean belt areas with maybe 1/4 to 1/2 inch of rain over the weekend. However, temperatures in Iowa may reach the 100 mark in some sections tomorrow, but we doubt whether the elements were at the base of much of the buying although may have contributed. There is the general feeling that we shall have another year of heavy usage. It should be noted that in the past 6 years or starting in 1953, bean disappearance amounted to 278 million bu and has gradually increased by 287 million bu so that we are now using about twice as many as we did 6 years ago. Here in Chicago, Commodity is offering its million bushels of beans, and gradually it is fair to expect that most of them will be back in commercial channels. Since we only use about 1 1/4 million bu monthly, there should be enough here until the next crop is harvested even assuming that it might be slightly late. Corn was higher and there was no pressure. The possibility of high temperatures probably caused some local buying. Rye was firmer in spite of additional quantities being shipped from Canada to our market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 28, 1960

Corn prices have been almost stagnant in comparison with soybeans while the very factors keeping the latter commodity firm are also present for corn, namely the growing season has been retarded because of late planting and consumption of both products has soared to new heights. Of course corn supplies are larger in relation to usage as the carryover will be nearly half of an entire year's requirements, but the price of this grain currently is well below the loan level, and heavy impoundings can again be anticipated.

Along with the reduced corn crop, sorghum production this fall is expected to decline, and the reduction of these two grains will more than offset slightly larger oat and barley output. Total feed grain tonnage is forecast 4% below the 1959 production level. At the same time extensive moisture generally has provided favorable pasture conditions, and an increase in hay. The number of grain consuming animal units to be fed in 1959-60 will be 2 million less than the previous year accentuated by fewer hogs and poultry as against an increased number of beef cattle. The USDA predicts a seasonal decline for feed grain prices preliminary to harvesting assuming prospects are favorable. That, however, is the major issue at the moment. The forecast is for high temperatures over the corn belt. Actually this should hasten growth but rain will be a necessary supplement for soil reserves from time to time. The Illinois crop bulletin places this cereal 10 days behind schedule, and believes that compared with a year ago condition is sharply lower in the west, northwest, and northeast districts and sharply higher in the eastern and southern sections. Soybeans are 1/5 podded but two weeks behind last year and one week later than usual with the condition having improved during the week. The oats harvest is about 1/3 completed in this state with mostly good yields and good quality.

Despite the growing shortage of storage space due to the tremendous wheat crop, our market has absorbed hedging pressure fairly well. Export demand for red wheat will be most important insofar as Chicago is concerned as the mill demand varies little from year to year, and with larger supplies of soft wheat, heavy quantities will have to move into foreign channels. Even so, stocks east and south of this market can be shipped more advantageously early in the season so that it may be sometime before sizeable reductions in local supplies of this cereal occur. A combination of export business and a tightening of free supplies, which has been the rule in recent years, could again give us better prices later.

Earlier prospects for a large flax crop both in Canada and the United States have received a setback as a result of the prolonged hot and dry spell in the northwest section of this country and throughout the prairies of Canada. A number of advices appear concerned as this commodity is more susceptible to weather than most others, and deterioration is occurring, particularly where planting was late. Consequently, a bull market at least for the time being is underway with attention focused on the weather, which, if it remains dry, might possibly also affect other grains growing on both sides of the border. Subsoil reserves are depleted in Montana and the supply of irrigation water varies from short to adequate, though about 3/10 of the winter wheat and 1/10 of the spring in that state is ripe.

Primary receipts of wheat amounted to 4.3 million bu compared with 5.6 million last week and 1.7 million bu on this date in 1959. Kansas City and Minneapolis stocks have increased close to 1 1/2 million bu so far this week.

Activity was limited compared to recent sessions which might be explained by the fact that profit taking occurred in all pits following yesterday's strength. Soybeans, after a higher opening, reacted and the CCC announced sales yesterday of almost 650,000 bu of soybeans in Illinois, Iowa and Minnesota. The American Soybean Association summarized comments resulting from a survey over most of Iowa, Minnesota and Arkansas in which it is reported that this crop shows a more variable condition than ever experienced in prior years. In most instances conditions are not conducive to high yields, and we can now conclude from all that has been observed that it is unlikely yields will approach last year's high level. The late weather forecast calls for cooler temperatures in Iowa and the mercury tomorrow will be in the low 80's in contrast with the near 100 level that was expected today. Widely scattered showers are in sight. Wheat was without feature as hedging pressure was almost nil, but flour demand is slow and except for 30,000 tons of wheat to India no other export business was announced.

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CHICAGO, 4 July 29, 1960

As transportation costs increased over the years it became economically unsound to ship grain from the growing areas to the large mills far distant from the source of supply and then back into consumptive channels. Thus the growth of interior flour mills in the territories adjacent to the supply of cash grain tended to check the flow of wheat to some of the terminal markets as was formerly the case. Chicago builds up its main stock of wheat early in the season and receipts for the remainder of the crop year become increasingly light. The increase in the feeding of livestock for the packing industry and the development of the manufacture of various kinds of breakfast foods, of corn products, of livestock feeds, etc. have also tended to check the flow of grain to the larger terminals and to promote the business in small interior markets. It is no wonder that Kansas with the largest wheat production in the nation, should have attracted large milling industry so that the length of transportation could be materially reduced. With the growth and increase of the sorghum crop in Texas similar changes have been wrought. We find at the present time that Texas with 9.5 million cattle, or 9% of the national total, leads the nation in number of beef cattle, followed by Iowa, Nebraska, Kansas and Missouri, inthat order. Texas is also the leading sheep raising state accounting for 18% of the nation's sheep and lamb population. At the start of this year, 43% of the nation's sheep and lambs were located in the 11 western states where feed grains were produced and where supplies could be obtained largely from local sources.

There were showers overnight in northern Alberta and light scattered showers occurred over Saskatchewan. They were heaviest in the northern areas of the latter Province, but there were also some light showers in Manitoba. This moisture will bring some relief to the dry areas, but a good general rain is needed in all sections. The Dominion crop report published a few days ago spoke of hot dry weather in the Prairie Provinces during the past few weeks which had caused a decline in crop prospects which hitherto had been excellent. In our country the recent turn to higher temperatures necessitates some rain over the corn belt states, but for the 5-day outlook it appears likely that we may have from 1/4 to 1/2 inch of moisture, which may be spotted with amounts heavy in some sections, but lacking entirely in others. Accordingly we feel that the soybean crop is far from made. Should anything happen to the crop, we could, with a smaller carryover, witness a considerable advance in the market later on. It appears that there is much more room on the constructive side of the market than for sharp declines. The government's Evanston office yesterday sold approximately 280,000 bu of its held beans. It thus appears likely that of the expected carryover of 40 million bu that a good percentage will be in the hands of the free trade and not too much tied up in government hands. The oat supply for 1960-61 is estimated at a little over 1.5 billion bu, which is 15% below the 5-year average (1954-58 average) and slightly smaller than the supply last season. According to Broomhall weekly shipments of wheat and flour were heavy and amounted to 8.7 million bu. Since July 1st our total clearances have been 27.5 million, or just a shade smaller than last year. Our U.S. corn exports during the week amounted to 2.8 million bu, and since October 1st we have shipped a total of 170.8 million, which is somewhat smaller than the season earlier.

Primary receipts of wheat were 4 1/4 million bu which was less than last week but more than twice as much as last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.7 million bu. When the visible is posted next Monday it will compare with an increase last year of 7.6 million bu.

Trade was not particularly active but during the early part of the session word came over the press wires that the House Democratic Leader, Mr. McCormack, claimed that reliable sources reported the Communists were planning a move on West Berlin. This caused a flurry but mainly in beans where the trade is running at about 60 to 65% of the total volume. Wheat was not much influenced by this although there was some export news that India had purchased a cargo of wheat and that Formosa was also in the market for a somewhat larger quantity of white wheat. Chicago receipts including rail, barge and truck are light. Flour business is somewhat restricted.. The oat market was somewhat lower, but rye was indifferent with firmness in the distant months. There was not much trade in corn. It was much the same as yesterday when only 3 1/4 million bu changed hands.

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CHICAGO, 4 August 1, 1960

The mid-July parity index announced last Friday showed a 1¢ decrease for wheat from the month earlier. However, this year's loan has been established as of July 1st parity, and at 75% was $1.78, or 1¢ above the minimum. For 1961 the same formula again will be in effect with a floor of $1.78, and can only be revised upward, and then through legislation alone. Corn parity was lowered a cent also to $1.62, and is 8¢ less than a year earlier. The national support average for this cereal has been set at $1.06, a reduction of 6¢ from last fall's harvested crop. Soybean parity, too, was lowered a penny to $2.90, and the national average loan again has been established at $1.85, but is nearer $1.91 throughout much of central Illinois. Even though farmers' operating costs set a record last month, they received higher pricesfor their goods which over-all improved their purchasing power.

Only scattered amounts of moisture fell in the corn belt over the weekend, and many areas are now in some need of rain with the 5-day forecast indicating about 1/4 to 1/2 inch in the form of thundershowers. Temperatures have, and will continue to be lower than normal, and it will be interesting to see if any improvement will be shown in Wednesday's private crop report for corn and beans. The 1960 soybean acreage is about 5% larger than last year, but yields could be less as plantings were delayed and influenced by low summer temperatures This commodity probably is less affected by weather than is corn, but prices are running below last year's level currently, and support could be evidenced at least temporarily. A fair demand persists for cash beans, including those offered by the CCC. This government agency has stepped up recent sales of corn from their stocks but for the first eight months of the season 60 million bu was sold, only about half as many as they moved in the comparable 1958-59 period.

The spread relationship between soybeans and its products, which for so long a period had been seemingly inadequate to permit processing profits, has improved at least for the nearby. Since March when the value of meal and oil per bushel of beans showed an 8¢ premium, this difference had widened to 22¢ in July, resulting mainly from an advance in oil which more than offset a rise in the value of the commodity from which it is derived. Many processors have purchased March meal and oil against the sale of the similar month in beans expecting this margin to widen in deferred months. Western Europe's demand for fats and oils is expected to improve during the balance of the year, denoting a consumption increase.

Canadian crop conditions slid last week as hot and dry weather continued, but rain would still restore grains to rather favorable potential. No moisture was reported in our Northwestovernight, and only small amounts were received in isolated areas there and north of the border over the weekend. Despite hot, dry weather in large parts of the Russian Ukraine, abundant production is expected. According to Foreign Crops and Markets, spring wheat acreage is 8.2 million larger than 1959. However, part of this is land that could not be seeded to winter wheat. Corn output has been expanded in the Soviet Union, and meat production on collective and state farms is reportedly increased 19% over the same period one year ago, At the same time Broomhall mentions the possibility of a reduction in output of this cereal in the Argentine, but Australia benefited by an improved moisture situation has enabled farmers to accelerate their wheat plantings.

During the week Chicago stocks of wheat increased by 4 million bu to 10 1/2 million, and though harvesting is about completed, additional amounts continue arriving on contract. Corn decreased 1/2 million bu leaving 22.8 million - mostly Commodity held. Oat supplies enlarged better than 1/4 million bu, and this market had its first run of new crop oats this morning with test weights quite good, most samples 38 lbs. or better. There is 2.2 million bu of rye stored locally, and bean supplies increased fractionally to almost 4.3 million bu. Markets were strong with the latter commodity leading the way. Gains amounted to better than 3¢ on a combination of factors, namely concern over the size of the crop and talk to the effect that some Congressional efforts may be made to reinstate price supports to their 1956 levels. Continued mention is made of the possibility of an attack on West Berlin, or possibly the attempt by East Germany to sign a treaty with their western counterpart. At least temporarily it appears as though most commodities will be supported on breaks until the atmosphere clears.

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CHICAGO, 4

August 2, 1960

All grain and related markets advanced sharply yesterday on the threat of higher support levels being recommended during the coming session of Congress that will reconvene shortly. We immediately stated our views, which were based on past experience and upon the opinions of competent and independent agricultural economists, that nothing drastic would be done. We have often inthese letters pointed out the danger inherent in the price support program when prices were artificially pushed to levelshigher than the market warranted. We again call attention to the fact that when these support programs were first adopted they were tried on a modest scale but were constantly expanded to a degree that could only result in disaster. Almost all similar experiments in other countries ended in failure, and even our own programs, starting with the Farm Board, led to the embarrassment of past administrations, which brings us to the conclusion that if experience means anything at all, some cognizance will be taken of the pitfalls that have befallen those who attempted to oppose all economic laws of supply and demand.

We call attention to the fact that the commodity support program was conceived and started at a time of reduced agricultural income. It was designed to provide,among other things, reasonable loans to carry the farmer over until such time as his products would increase in value to a point that would yield a better return. That concept, however, has been completely abandoned with the result that initial loans of modest proportions have been greatly raised, and as a result they have brought about the accumulation of excessive surpluses never before dreamed of in American history. As these surpluses pyramided, they not only became costly to the taxpayer, in that various commodities had to be stored, but they exerted a depressing influence on the price of current crops. Everyone has known that it would be merely a question of time until the inevitable liquidation of such surpluses must take place. As Senator Taft pointed out years ago:"Unworkable surpluses could only bring resultant injury to the farmer and to our economic system as a whole." For these and other reasons it is to be hoped that our country shall not repeat the same mistakes that have occurred in the past. A mass of proposed legislative measures has appeared in almost every Congress proposing a great variety of ideas concerning price-supporting mechanisms, and it is timethat we try to find practical solutions to these old problems. Until this is done, our agricultural troubles will not be solved.

Before our market opened this morning sentiment probably underwent some revision, and with the prospect of scattered showers over the corn and bean areas, there was some liquidation after the opening bell. There was light moisture over Alberta and Saskatchewan last night, with the heaviest showers in southwestern Alberta where rain was needed very badly, although it may have come too late to bring about much recovery to crops. Further showers are forecast for today throughout Saskatchewan. The 30-day outlook for our country calls for cooler and wetter weather than normally in the Great Lakes region, the South Atlantic, and in the Pacific Northwest. Warm, dry weather is expected to prevail in the Great Plains and Rocky Mountain areas, while in the remainder of the nation near-normal conditions are expected.

Primary receipts of wheat were a little over 5 million bu which compared with 8.2 million last week but only 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 527,000 bu. The visible figures were published showing a very large increase for wheat of 19.8 million bu. Total stocks of 462.1 million are 26.1 million more than a year ago. The corn visible decreased 2 million, and the bean visible decreased 383,000 bu. In all positions there are about 2 million more beans than last season.

There were some reactions in the market today, particularly in beans, which had shown the most spectacular gain the day before. A private report will be issued tomorrow. There was heavy selling of beans in case the figure was bearish. Wheat held up well and there was about 3 million bu sold to India although not many hedges covered. Judging from the Peavey report there might be some reduction in the spring wheat estimate tomorrow, but speaking of the Northwest they claim that soybeans for the most part look good to excellent, and that corn in the commercial area had responded quite well to higher temperatures although the crop could stand rain. Soybean exports so far this season are 26 million bu more than a year ago.

UHLMANN GRAIN COMPANY

[illegible]

[illegible] August 1, [illegible]

[illegible]

[illegible]

[illegible] receipts of wheat were a little over 5 million [illegible] 8.2 million the week before and only 3.7 million [illegible] last year. [illegible] stocks [illegible] a total increase of 334,000 [illegible] [illegible] a very low [illegible] Total stocks [illegible] 26 [illegible] [illegible] 2 million [illegible] about 1 million [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 August 3, 1960

An interesting analogy describes rather shockingly the present U. S. surplus situation and the degree to which each individual is affected. Not counting this year's crops, (which will in some cases enlarge already burdensome reserves) if all excess commodities were divided among American people each share would be worth $131.89, -- that is, assuming everyone did not try to sell at the same time for certainly such tactics no doubt would scare potential buyers. Every man, woman, and child would own 14 bushels of wheat, 21 bushels of corn, 300 pounds of grain sorghums, one-fifth pound of tobacco, a peck of soybeans, and a bushel of barley. Since one bushel of wheat can yield as much as 60 loaves of bread, with well over one billion bu surplus, there could be produced more than 60 billion loaves or at least 25 loaves for every person on the entire planet. With the present carryover, quite a few loaves might be added, and though this may not seem like an unreasonable amount when projected on an individual basis, we must remember it does not include regular supplies produced not only in this country, but throughout the rest of the world.

In our letter of August 1st, we discussed an improvement in the crushing ratio from 8¢ in March to 22¢ in July. This was an error as the July figure should have been 1959, and in reality the present value of oil and meal in relation to products has not changed since March. We wish to thank the processor who brought this to our attention.

Present weather must be good for corn and soybean growth as temperatures are close to or in the 90's, and it is very humid. The showery activity was sparse with a few scattered rains, but the forecast calls for more with as much as 1/2 to 1 inchin the corn belt in the next five days.

The Galvin report was somewhat of a surprise as some advices had indicated that both corn and soybean crops had gone backward during the past month. The opposite evidently has been the case, and a bushel figure of 557.3 million is indicated for beans based on August 1st conditions, which is an increase of 8 million from his last report. A yield per acre of 23.6 is looked for which compares with 24 bushels in 1959. This source comments that this commodity is behind normal development and would be aided by moisture throughout the Central States, and at the moment fairly good rains are being received throughout northern Illinois. Somewhat surprising is the increase in corn production to 4,173 million bu, which is almost 100 million more than the government figure based on July 1st conditions, and is even more of an increase from Galvin's own report of one month ago. The acreage planted to this cereal approximates that of a year ago, but the present yield outlook is 49.9 vs 51.5, which was the average amount harvested per acre last fall. Even oat production was enlarged by 100 million bu to 1,239 million, which means that total supplies on hand will be larger than they were July 1, 1959, and could cause some additional pressure on this market. The total wheat supply was raised to 1,371 million bu by this private reporter despite a 10 million-bu reduction in spring wheat.

Assuming the government figure to be released on August 10th substantiates these statistics, it would appear as though corn supplies will be ample for the balance of this season as well as next. Therefore, rallies might be utilized for the sale of this grain with little risk. Total supplies of soybeans October 1st will be less than a year ago, and with increased uses on an annual basis, the long range prospects point to a small carryover the following autumn though this has been partly offset by the recent rise in the market.

Markets reflected this report and prices eased during the balance of the session. The increase in oats changes the complexion of this cereal indicating that the carryover one year hence might logically be above this year's reserve. The early advance in beans did not hold and longs in corn liquidated. Primary receipts of wheat amounted to 2.8 million bu vs 3.8 last week and 1.7 a year ago. Kansas City stocks increased 452,000 bu. Support continues in wheat as traders feel that at the present discount below the loan free supplies might tighten later in the season. Broomhall talks of additional rains in Europe which have brought excessive moisture to some areas. Further showers also occurred overnight in Western Canada and will be of benefit where late sown crops were suffering from lack of moisture. Our Northwest also had relief in a few spots.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

August 4, 1960

The Secretary of Agriculture under P. L. 480 must make available for export any agricultural commodity which may reasonably be expected to be in surplus, and a certain formula is carried out in order to have a sufficient quantity on hand for domestic requirements. Also, allowance is made for anticipated exports for dollars and finally there must be an adequate carryover in order to prevent a squeeze that would seriously affect domestic markets. This is no easy job for any administrative group, for it takes over more or less the functions of supply and demand factors with the hope that everything will turn out successfully. In the case of red wheat, many problems have arisen, and, indeed, in some years the carryover stocks were so reduced as to make it difficult for our own millers to obtain sufficient supplies toward the end of the season without bidding the market up rather substantially. Several foreign buyers who obtain sizeable quantities of wheat from this country under P.L. 480 have shown strong preference for soft red wheat, whereas several others have strong preference for soft white.

The Agriculture Department has at the beginning of each season tried to define surplus wheat by classes and then make its allocations accordingly. On the theory that domestic usage of red wheat runs somewhere in the neighborhood of 135 to 140 million bu, it is often possible to figure out about how much of this wheat is in surplus, but, of course, there is never a really accurate way of knowing how much will be taken on a dollar basis; therefore, the Department's problem of granting allocations in return for foreign currencies could easily lead to trouble unless great care were exercised. Moreover, it is always a question as to what the minimum carryover of any particular grade of wheat should be to assure a sufficient reserve. For all these reasons there has been quite a lag in advising various foreign buyers how much red wheat they would be able to get from us, and the problem is a little further complicated by the fact that Illinois, which historically used to raise a crop almost entirely of red wheat, now produces about half soft and half hard varieties. In any case the Department is expected very shortly to grant purchase authorizations to Poland for the purchase of about 300,000 tons red wheat and 200,000 tons hard winter. This would involve somewhat more than 11 million bu in the form of red wheat, and is the start of a program which we feel certain will increase in size as time goes on. There are, of course, other countries like the UAR and Turkey that will also want to come here for their share of requirements and very likely such agreements will be concluded before long.

It is thus obvious that with the rather delicate balance a few million bushels more or less of this particular grade that might be exported would have a considerable influence not only on the soft wheat market, as it pertains to millers, but also, as it is related to the Chicago futures market, which in recent years has had mostly red wheat for delivery purposes.

There were some light scattered showers over Alberta and Saskatchewan last night, which were heaviest in the southern part of Alberta. Apparently no further precipitation occurred in Manitoba. Harvest of barley and some early wheat is underway in the southern districts, and the precipitation should fill heads on the late-sown crops.

Primary receipts of wheat were 3.1 million bu. This compared with 4.3 million last week and only 1.8 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 742,000 bu.

There was a good deal of firmness in markets today. Kansas City wheat futures led the advance and all contracts in their market made a season's high while the same was true of our May wheat. There was again some talk that—legislative measures would be taken up at the coming session of Congress in connection with raising support levels. We doubt whether beans were too much affected by these advices, but the market was somewhat higher on short covering and oats were mostly firm in spite of the fact that the crop now appears to be much larger than was earlier anticipated. Denmark bought a cargo of soybeans, and there was an estimate by the American Soybean Association placing our crop production at 543 million bu. In flour circles trade was of modest volume but the tightness of cash wheat in the Southwest and the firmness in futures created a little uneasy feeling amongst flour buyers, but still there was no large amount of business. Rye mills are sharing in heavy volume for 120 days to year-end, but export flour demand is slow. Nevertheless rye futures had a little further recovery.

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CHICAGO, 4

August 5, 1960

During the past number of years we have witnessed a growth in feed and food output unparalleled in our history. Modern farm techniques, including the increased usage of better fertilizers, have aided in the build up of large reserves even while some land has been idled as an offset. Recently we have gone through a near-perfect climate cycle with bumper crops resulting from many successive years of marvelous growing weather. This has come during a period of great prosperity, which economists categorize as the "postwar boom" and the general living standard is at an all-time peak. One might think this cycle is approaching its zenith though we are told researchers might be on the brink of developing a wheat seed capable of producing in excess of 100 bu to the acre.

While the expanding population thus far has been unable to "eat" its way into these reserves, the quality of our diet surpasses that of any group in the world, past or present. From a low of 138 lbs in 1951, the per capita in-take of meat rose to a high of 167 lbs in 1956, and since has stabilized at about 160 lbs per year. Beef leads the list at 85 lbs per person, and has risen almost steadily in proportion to pork, an indication of the improved quality feature. Meat is now the most important food in the average U.S. family's diet. Consequently, there is little wonder that annual domestic consumption of wheat had declined steadily from 1943 until recently when with more mouths to feed this trend reversed somewhat, and usage seems to have leveled at about the same annual rate as in the 1920's. A nation's economy should tend to adjust to the habits of its people, and food consumption changes are evident. The most important element governing present trends has been the rising income level, which regulates household demand. When people improve their eating habits, they become accustomed to better diets and the demand for top quality foods remains constant. Along with better processing, packaging, transportation, and storing methods, the improving and upgrading of food standards should continue.

A fair bakery flour business was done overnight, and The Southwestern Miller advises that activity is developing momentum. Some bakers bought hard winter requirements for 120 days, and a little business was done in springs also. At the same time rye flour bookings began with some contracts made to year-end. The rate of wheat exports so far this young season has been comparable to a year ago, and since October 1st corn clearances total 173 million bu, a shade below those of a year ago.

Very little moisture was reported overnight. The 5-day forecast indicates from 1/2 to an inch in Illinois, Indiana,and Ohio. Much less is expected in Iowa and Minnesota, and these two states should be watched more closely as they probably are in greater need of moisture at the moment.

Primary receipts of wheat totaled 3.4 million bu compared with 4 1/4 million last week and 1.8 million a year ago today. When the visible supply of wheat is posted Monday, it will compare with an increase of almost 4.4 million bu in 1959.

Strength in soybeans was the feature in our market this morning as this commodity was higher from the start. Oil was quite strong, registering crop highs on an export report issued overnight showing heavy clearances in recent months. The support carried over partially to meal, but little improvement has been displayed in the cash basis and a few deliveries continue to circulate. Unless the government bushel figure to be released next Wednesday is below that of Galvin, it seems too early in the season to be enthusiastic over soybeans, and country advices indicate that this crop is making good progress and has made up in many areas almost entirely its early season lateness.

Some scattered amounts of corn and soybeans were sold for export, and the spot basis for corn was slightly improved causing the September to gain somewhat on new crop months. Unless weather is adverse, it appears as though another large corn crop is in store. Wheat meets with continued support with flour business added impetus though some reactions seem likely from time to - time as the harvest produced such a large crop. Later in the season heavy impoundings should be an important factor. Scattered moisture was received in our Northwest and throughout the Canadian provinces. Rye was quite firm as a result of commercial demand, but less attention was spent on oats.

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CHICAGO, 4 August 8, 1960

It is just fifteen years ago today that Russia declared war on Japan. This followed almost on the heels of the first atom bomb that was dropped over Hiroshima, and it was almost a foregone conclusion that Japan would capitulate. As a matter of fact, one week later that country surrendered. Then, as now, Russia planned her propaganda and attacks with great determination. For us in this country it marks another occasion-- a late summer reconvening of Congress follows the political conventions, being the second on record, and it seems particularly hazardous in terms of spending potentialities. This is true when the political platforms seem to offer something to everyone with little mention of the price tag or the source of the money to produce the miracles that are promised. All that can be hoped for is that the true national interests will not be sacrificed to political expediency. In direct terms of agriculture it seems doubtful whether anything important may be accomplished at this short session, but it may afford ammunition for the fall campaign on both sides.

We see little chance, as we have stated on previous occasions, of having any law enacted that will provide higher wheat supports for the current crop. What the farmer really needs more than a higher price level is his ability to meet rising costs, and this, of course, is something that cannot be attained in an inflationary era. Therefore, it is important for all of our people that we guard well any attempt toward unwarranted spending. Eternal vigilance on part of aroused taxpayers over the weeks just ahead will be the price of another fiscal victory.

Before our market opened we heard that official authorizations were expected to be issued during the next few days to the United Arab Republic to cover 150,000 tons of flour or 220,000 bu wheat equivalent. Besides this, there are to be allocations on 100,000 tons each of hard and soft winter wheat and soft white wheats. This would amount to half the recently concluded agreement for UAR. There had also been a purchase authorization issued for 300,000 tons red wheat and 200,000 tons of hard winter wheat for Poland, with the initial buying to start around August 12th. The wheat market in spite of this impending business opened just fractionally lower but this might have been in sympathy with some reactions in other pits, particularly soybeans, which had been so strong on Friday, reflecting higher prices at that time for soybean oil.

Overnight weather was regarded as satisfactory, and in addition to heavy rains, which occurred over many parts of the Southwest, we had some light scattered rains over the corn belt, with more predicted, heaviest probably occurring in southern parts of Illinois and Indiana. The government report that will be published next Wednesday is very likely to confirm Galvin's indications with respect to corn and beans. In the foreign crop column a near-record wheat harvest was said to have been recently completed in Japan. The outturn figured at 53.6 million bu would be slightly larger than the 1959 crop. In our Southwest mills and elevators are hampered in their buying as elevator storage is becoming critically short in spite of the tremendous recent build-up of warehouse capacity.

Chicago wheat stocks during the week showed quite a large increase of 3.1 million bu with the total now 13.6 million, which is more than we had on hand a year ago at this time. Corn decreased 1.1 million bu and Chicago bean stocks showed a small increase with 4.3 million bu here.

Trade was not particularly heavy. The wheat market was inclined to be a little lower although toward the last there was moderate buying, and Minneapolis firmness was due to overnight flour business. According to The Southwestern Miller the volume was quite heavy. General flour trade was fairly sizeable but some of the larger bakers have not bought. Beans showed a rather sharp reaction ollowing Friday's short covering. We think that the crop prospect is too good to expect sustained strength at this time. Should anything befall the crop, we would naturally revise our views. If exports continue to increase, we might easily have a bull market later on, but feel it is too early to anticipate this situation at the moment. Corn was somewhat lower in spite of some export demand. Chicago showed a sizeable decrease in stocks during the week, but we think a good part of this may be due to a reduction in the government holding. The amount of rye here is about equal to last year, but we doubt whether we shall draw any large quantity from our Northwest. Also the imports from Canada have been nearly completed.

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CHICAGO, 4 August 9, 1960

One field in which the U. S. has clearly taken world leadership is "public debt." Despite a $1.1 billion surplus for the fiscal year ended June 30th we experienced a huge peacetime deficit of $12.4 billion one year earlier, and this country's public indebtedness is more than $47 billion larger than the rest of the world combined. The Tax Foundation estimates that the average worker toils 2 hours and 29 minutes each 8-hour day to earn enough to pay taxes. This compares with 1 hour and 39 minutes earning food, 1 hour and 25 minutes for rent or house payments, 37 minutes for clothes, 42 minutes for transportation, 24 minutes for medical care, 20 minutes for recreation, and 24 minutes for other purchases. It is thought that federal expenditures might rise $3 to $4 billion in the year ahead, mainly at the state and local levels for highway improvements, new schools, etc. At the same time defense spending is almost surely slated to increase in order to meet the expanding research and manufacture of missiles and space projects. The average American consumer, faced with the support of this budget has increased personal buying the past four years by 3% per annum in constant dollars. While this accounts for 64 to 66% of the gross national product, it is most important to try to determine whether this trend can continue, as a clue to the future soundness of the economy depends basically on the ability of its citizenry to support it. The purchase of goods and services is related almost entirely to the income level, which also has risen. If federal spending advances further, costing more tax money, then take-home pay must increase or individual ability to spend will naturally shrink and probably restrict the purchase of many consumer articles.

The report issued by The Quaker Oats Company overnight was pessimistic regarding soybeans. They believe it would be optimistic to expect an average yield much in excess of 23 bu per acre as there are bad spots in all areas and the crop is late. The trade anxiously awaits the government release after the close tomorrow, when we shall know more accurately the condition of the crop based on August 1st. Since that time rather general rainfall must have been beneficial and further improvement undoubtedly has occurred. Regarding corn, this private source confirms that yields of the past two years almost certainly will not be equalled, but improvement also has taken place since the July 1st estimate, which placed per-acre output at 48.7 bu. It is interesting to note insofar as beans are occurred that in ten of the past twelve years the official August forecast was lower than the final return, leading to the almost obvious observation that weather the last two months of the season normally benefits maturity of this commodity.

The most concentrated flour business so far was consummated overnight with leading chain-bakers buying large amounts for four to five months' coverage, mostly to year-end or later. This did not have much effect on our market, probably because cash premiums declined in the Southwest with the scarcity of storage space critical, and selling that might not otherwise have occurred. Some further export business is in the offing, including a small amount of red wheat to Portugal and 250,000 tons hard for Italy in exchange for dollars. Offers will also be made to Brazil and the UAR is expected to begin buying on their 150,000-ton authorization in the next several days.

The visible supply of wheat increased 14.7 million bu last week. Free stocks of this cereal in Chicago also rose more than 3 million bu to a total of 13.6 million. Free supplies of corn decreased 735,000 bu, leaving just under 3 1/2 million bu.

Only scattered amounts of moisture were received in the Northwest overnight, and a private report indicates small grain harvest is moving along rapidly. It is thought that early flax will come through with fair yields and late flax mostly poor due to hot and dry weather. Our oat market has been under pressure following harvest, and receipts are accumulating at a fair pace while on the other hand stocks are rather small in Fort William and the demand has been sufficient to keep Canadian prices a good deal stronger than ours.

Soybean oil registered crop highs after advancing more than in any recent session. Soybeans borrowed strength but caution must be exercised until the government report is issued after the close tomorrow. The official weekly weather was favorable for the corn belt except for some of the western sections where moisture would be beneficial, but on the whole crop progress evidently has been quite good.

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CHICAGO, 4 August 10, 1960

Judging from reports that are coming from Washington, there is still some question as to how many important bills will be passed before the legislators start on their campaigns. There is little doubt that many of the measures being considered have positive values under certain circumstances, but unfortunately there is still limited recognition of the ultimate cost of the programs and the effects upon future budgets; secondly, there is a strong trend to expand the role of the federal government, taking it either initially or further into areas that are probably better served by the states and localities, or in many cases by private means. For at least the short-term, we should as a nation be concerned with any expansion of such programs to make sure they will not jeopardize our fiscal position. It is undoubtedly a fallacy to believe that added costs can be completely absorbed. One of the very important matters to watch, particularly at a time when the whole world is in such an upheaval, is to make sure we can buttress the integrity of the dollar at home and to sustain confidence in our monetary values through the western world. The moment we weaken ourselves to an extent that our dollar loses face in the eyes of our Allies, the more our prestige will suffer, and thus we should be concerned in enacting any new laws that will weaken our financial status as one of the leading world powers. Furthermore, we do not want to enter a road that will lead to centralized planning and controls over private activities, which certainly would be contrary to the cherished traditions of the free society under which we have enjoyed unparalleled progress.

Before our market opened, traders were naturally a little cautious because they recognized that all calculations might be changed by any surprises that might be brought about when the government report is issued later in the day. They were, however, temporarily influenced by the much smaller weekly exports of beans, which had dropped to 1.3 million bu, and at the same time the government adjusted downward total shipments since October by about 2 million bu, so that through August 5th, we have cleared 121.4 million bu compared with 99.3 million last season. The weekly state reports were fairly optimistic. For example, Illinois, which is the large soybean producing state, is said to be progressing rapidly and that both corn and beans are now only a week or so behind average. The soybean condition has improved from earlier expectations but remains below normal. For Iowa it is claimed that by last Monday 80% of the corn had tasseled and 60% was showing silk. The 10-year average for August 8th is 95% tasseled and 85% in the silk stage, so the crop there is also behind schedule, although it continued to be most advanced in west central and south central parts of the state and least developed in the northeast and southeast districts. For Nebraska, there were reports that week-end rains had brought much needed relief to many localities and halted deterioration of dryland crops. Rains measuring from nearly an inch to more than 2 inches were real crop-savers in south central and other local areas. A little more than 80% of the corn crop is tasseled, which is just a few days ahead of normal, in spite of the crop having been planted somewhat later than usual.

Primary receipts of wheat amounted to 2,462,000 bu, which compared with 2,773,000 bu last week, and 1,201,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 733,000 bu.

Trade was not particularly active but some profit taking in beans occurred as a result of the slightly smaller exports mentioned earlier. There are a good many people who believe that our shipments this coming season will be very large, and we sympathize with that opinion. Nevertheless it is a distant factor to be considered, and probably of more immediate interest will be the size of the crop and the amount of hedging that the market has to absorb early. September corn made a season's low, but there was some evening up prior to the report, and prices firmed a little. It is generally felt that crop conditions are too good for much of an advance at this time. Wheat was a little reactionary at the start, but prices improved later. It will probably become more quiet insofar as flour buying is concerned after the recent heavy business. According to Broomhall, European weather has been more favorable in some sections, but there is still pessimism in Western Germany where weather has delayed maturity and harvest. This is causing some concern over quality. Italy will import some wheat to make up the home shortage. Weather is sunny in France permitting rapid progress of harvest.

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CHICAGO, 4 August 11, 1960

The soybean production figure of 548 million bu based on August 1st conditions was the item of major interest in yesterday's government report. More accurate projections can now be made though it must be realized some improvement undoubtedly has occurred since that date as timely rains have fallen rather generally. Including a reserve in the neighborhood of 35 million bu, total supplies might well be under 600 million bu. If this is the case, we will have smaller stocks of this commodity than during the past two seasons and an outlook for increased consumption, which has been an annual trend. Exports of both beans and products have expanded especially the oil with a broader European usage. It is presently conceivable to envision an even smaller carryover in October, 1961, unless, of course, a tremendous yield improvement happens between now and harvest. Temporarily our market could be fairly well supported especially on setbacks but we must keep in mind that regardless of the size of the crop there will be beans in October and the advent of farm selling should tend to moderate enthusiasm. It is interesting to note that estimated production this year vs. 1959 changed very little on a per-state basis with Illinois, Indiana, and Ohio each about 2 million bu more and Minnesota 4 million less.

This year's corn crop of 4,112 million bu is second only to last year's 4.4 billion output. Adding the carryover, total supplies will be the largest ever at the start of a new season and even though disappearance increased, feeding can hardly keep up with such tremendous production. Prospects improved mainly in the largest producing states (Illinois, Iowa, and Ohio) and when we make comparisons between this year's total projected harvest and the 10-year U. S. average of 3 1/4 billion bu analogies are almost useless. Technological advances have provided greater results in corn than in any other cereal as average yields have jumped from 41.6 bu to about 50 bu per acre in a short span.

Last week's private report showed a sizeable increase in oat production which the USDA failed to confirm fully. The official figure of 1,160 million bu shows some improvement from the month earlier with the major increase from 1959 occurring in the Dakotas.

Total wheat output will be 21% more than last year and 25% above average of 1,362 million bu. An increase of 32 million bu of soft red wheat is forecast. Last year's carryover of this type wheat was only 7 million bu. Overnight flour sales dropped sharply except for some business in springs, but the major buying by bakers may be over for a while. Country selling of this cereal also fell off sharply and producers are holding rather tightly where possible.

Conditions improved for rye during the month and 1 1/2 million bu were added to the projected total as a crop of 31.1 million is now expected. Sorghum output will be slightly below last year but well above the 10-year average. The flax crop is officially estimated at 28 1/2 million bu, down from the previous month, but in line with expectations as a period of dry weather in our Northwest hurt this commodity. A report from Canada speaks of welcome rains received the past week in the Prairie Provinces which will aid in halting the declining yield prospects of grains in that country though harvesting of fall rye and winter wheat is now underway.

The primary receipts of wheat have dropped to 2.3 million bu compared with 3.1 last week and 1.6 million a year ago today. Kansas City and Minneapolis stocks increased 1.1 million bu so far this week. According to Broomhall private estimates place the Argentine wheat acreage about 10% below last year's acreage which if borne out might yield around 28 million bu less than 1959.

Soybeans were quite strong on the opening in response to the government report but prices reacted during the session with volume of trade only moderate. The trend in products continues with the oil very strong making crop highs and meal on the other hand registering crop lows. Cash meal was again lower but eventually this market could become oversold and with encouraging feed prospects in the coming year deferred months might eventually be worth owning. Rye was easier as a result of the increased production figure and some liquidation occurred in wheat as longs took profits. A trade advice pointed out that in the past 20 years if May wheat was purchased near its August lows a profit would be realized subsequently.

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CHICAGO, 4 August 12, 1960

Two days ago the government estimated the soybean crop at 548 million bu, and there was disappointment expressed because the yield had not indicated a higher prospect. It occurred to us that events in the grain trade sometimes take place so quickly that we are prone to forget just how far we have traveled in a period of three or four decades. In February of 1949, this writer spoke before an Agricultural Forum at the University of Illinois, pointing out then that just twenty years earlier the United States had raised less than 9 million bu of beans, and stated that our production had steadily mounted so that by 1949 we had produced 220 million bu which was not only a record up to that period, but for the first time in history we surpassed China's production which previous to then had been the largest producer of this commodity. Thus it is clear that while great progress had been made during the first two decades of our soybean history, in the last 11 years we have much more than doubled our 1949 production and even though our coming crop is not of bumper proportions, we shall probably raise as much this season as the entire world did just a decade ago. In 1949, the acreage of soybeans under cultivation in this country was less than 10 million, and that, too, has been increased more than twofold in a short span of time. While there was considerable worry in the early history of soybean growth whether we would find markets or even enough domestic consumption to take care of small crops, we now seem to be more concerned as to whether there will be enough to go around considering the ever-increasing demand from Europe and, of course, the larger needs at home. Thus agricultural progress has been made to the extent that the soybean crop brings the farmer a return of over a billion dollars, and the acreage devoted to it is nearly half as great as that of wheat which has always been regarded as the staff of life.

The forecast for the next day or two suggests mostly fair weather with moderate temperatures. However, the 5-day forecast anticipates the possibility of some showers with thermometer readings slightly below normal for this time of the year. Reports generally indicate that corn and beans are making good progress. We had some optimistic reports from Iowa on beans, and that market was somewhat lower at the opening, and we believe that there may have been evening up prior to the weekend.

Broomhall said that wheat and flour shipments were 6 1/2 million bu during the past week, and since July 1st have totaled 50.6 million bu, which is an increase of 9 million over the year earlier. Total corn exports for the season are 174.6 million, which is about 5 million less than last year. We are apparently shipping a little more rye abroad than we did last season, but the government has not been very generous in granting subsidies. Strangely enough the improved flour business during the past week has not given the wheat market very much impetus. The bakery flour sales are still moderate except for a sharp increase in volume of a big chain covering for a period of 120 days. Other than that, flour trade has been slowing down to some extent.

The Evanston Office of the CCC sold nearly 800,000 bu of soybeans yesterday, the bulk of them being located in Iowa, but are expected to be delivered to Chicago. Our September beans are still at a small discount under November indicating that even with a relatively small stock in Chicago, there is no fear that processor needs can be filled. Word came from Canada that 270,000 bu of rye had left and the boat is destined for Chicago. As we have said before, most of the imports from Canada seem to be finished, and we doubt whether our market will build up a very large stock. With that in mind, the carrying charge from September to December may be about wide enough.

Primary receipts of wheat were a little over 3 million bu. This compared with 3.4 million last week and 2.2 million last year. Kansas City and Minneapolis stocks so far this week show an increase of 1.2 million bu.

Late in the session word came from Washington that House farm leaders ruled out any attempt to pass farm legislation at this time. They said that it would not be feasible to increase price supports this late in the 1960 crop season. Inasmuch as few people had expected Congress to act, this news today had little effect. Beans were lower reflecting weakness in meal and a lower oil market. Oats also continued their downward course and rye suffered a further decline. Corn seems to be a slow sagging affair.

UHLMANN GRAIN COMPANY

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CHICAGO, 4 August 15, 1960

Now that the possibility of emergency legislation has been virtually ruled out during the present short Congressional session, traders can concern themselves with more normal news; It is interesting to note that one measure prominently mentioned recently offers a rather practical solution to the surplus problem and that would be a voluntary reduction of wheat and other grain-producing acreage with remuneration by payment-in-kind. If a farmer raised 2,000 bu wheat this year, he could plant half as much acreage next year and be entitled to 1,000 bu government-owned surplus grain registered by scrip of some sort, or even a warehouse receipt. He could then sell this cereal in the market and maintain his income by producing only half a crop. At the same time CCC would be reducing its accumulated reserve without competing with free supplies, and concurrently reduce overhead expenses, mainly storage charges. By sterilizing excess stocks we would have more orderly free markets with producers and commercial interests merchandising these products and allow for "daylight" insofar as built-up reserves are concerned. It would not take long under this type of program to reduce surpluses to an orderly working level.

Over the week-end temperatures in the corn belt turned rather cool for August, but in Illinois and Indiana will exceed the normal level during the next five days, while Iowa will remain below average. Some sections received small amounts of moisture but the main concern remains the lateness of both corn and beans. Following the delayed planting season, a cooler-than-normal summer set in and both crops probably will be harvested generally behind schedule and could be threatened more by an early frost. If such an event occurs this would not necessarily lower production, but instead would damage the quality of these commodities, thus impairing their commercial value. In the meantime it has been agreed by those who traveled the countryside this past week that development has improved and progress is favorable in both instances.

There is every indication that CCC must continue to dispose of its holdings of corn, as reserves are large enough to clutter space that probably will have to be made available for the next crop. Though smaller than last year total domestic sales since October 1st have amounted to 94 million bu. Regarding soybeans this agency uses its formula of the loan plus 20¢ to offer this article and has successfully moved fair quantities all season. As of August 5th, their uncommitted inventory amounted to 17 1/4 million bu. USDA continues to forecast a carryover of around 40 million bu based on crushings close to 400 million bu and exports of about 130 million bu. It is their contention that farmers' prices are likely to hold near the current level until a seasonal decline sets in preliminary to harvest.

There was no particular news to affect wheat other than farmers are unwilling sellers even with prices in Texas and Oklahoma as much as 7¢ over the net loan. Export buying on recently announced authorizations is expected during the week by the UAR.

Chicago has now accumulated a total of 14.8 million bu of wheat, a rather plentiful supply. This means that with amounts east and to the south of this market, export business in red wheat will have to be substantial in order to make inroads. In the meantime we might expect carrying charges to widen, and in the case of March wheat selling at a small premium over May, this month could go to a discount. Shipments of corn effected a decrease in over-all elevator supplies, leaving 21 1/4 million bu, most of which is CCC owned. The run of oats from harvest brought stocks of this grain to over 5 1/2 million bu. Rye increased slightly and beans showed a decrease of 357,000 bu so that 4 million remain.

Firmness in oil and meal caused early support in soybeans, but this disintegrated later in the session and prices reacted. Even with an enlarged crop forecast, which is generally expected, there are those who believe supplies in the coming season will be closely adjusted and some traders are awaiting a further break in order to make long range commitments. In view of conditions, including the near-term weather forecast, we do not believe there is any hurry to buy beans as pressure would normally mount between now and harvest. Wheat was virtually unchanged despite further mill buying during the morning as a major chain purchased a large round lot of flour.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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WINNIPEG GRAIN EXCHANGE
KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 16, 1960

In the months ahead American agriculture will come in for much discussion, and particularly so by political factions; although actually it requires intense study and should be handled in a bipartisan way. While economists realize that production peaks that were reached during wartime and immediate postwar periods cannot hold forever, competition has been increasing, and even our foreign markets were only upheld through government activity, effecting sales either through lenient terms to foreign buyers or by subsidizing shipments to meet lower purchase prices that have prevailed in European and Asiatic countries. This new competition was not confined to agriculture alone but is reshaping world economics, and we find that at every port of entry in the U. S. tens of millions of dollars' worth of products are arriving every day, reaching our shores only to be dispersed into U. S. markets in competition with domestic goods. Behind this boom in imports is a foreign economic and technical revolution. In Europe and in the Orient war-devasted industries have been rebuilt and expanded, creating a potential for production unknown before World War II. For example, Japanese industrial output has more than tripled since 1950 while its textile fiber industry has grown even faster.

It is true that foreign competition hits harder in some product lines than in others, but this is of small comfort to the American people. It is estimated that in the steel industry alone import competition already has cost the equivalent of 30,000 jobs. The new pattern of foreign competition is even more marked at the retail level than in industrial lines. In spite of tariffs, it is estimated that in the women's clothing market alone foreign imports last year had risen to $120 million, double the amount in 1955. Imports of Japanese stainless steel flatware in 1959 were more than twenty times as high as in 1951. More than one million sewing machines came to the U. S. last year and some 4 million radios arrived here from Japan alone. Thus it can be seen that increased production in the world is not a source of worry to agriculture alone. Car manufacturers have found that sales of foreign makes have gone from 21,000 in 1950 to 600,000 last year and foreign bicycles have taken one-fourth of the U. S. market. We could go on at great length but space does not permit our doing so here. Needless to say foreign competition has cut the sales and employment of U. S. companies and has driven some firms out of business. Those who are unfortunately caught in this squeeze have neither been subsidized nor have their products been supported by government edict. It will, indeed, take great foresight and intelligence to lead us out of the wilderness in trying to solve our agricultural problems, and it is only to be hoped that the attempted solutions will not be purely of political origin.

Primary receipts of wheat amounted to 4 million bu which compared with 3.7 million last week and 2.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 603,000 bu.

Trade was not particularly active and the action of wheat was disappointing considering that Poland bought about 14,000 tons of red wheat from here. This was the first of their large commitment, but it had very little impact on the market. There are undoubtedly a good many longs in wheat and occasionally some of them are liquidating their holdings although the open interest seems to be holding quite well at 114 million bu. This, of course, is small in comparison to a visible of 487 million bu, and shows how artificial the market is with large quantities withheld from commercial channels. There was considerable strength in meal, particularly the August delivery, but the early rally that we had in beans failed to hold entirely. The U. K. bought some parcels of beans, and there were reports of a good sized export business in meal that has been done during the past few days. Oats were slightly higher and there was a little professional buying of the December and March contracts. Reports from the country indicated that the crop is about harvested and the chances are that there will not be as much pressure on the market from this point on. Rye futures made new lows for all trading months before a slight rally occurred. We believe that at present price levels large quantities will go into the loan. Flour sales were much smaller and this often occurs after a large volume of business has taken place. The government weekly report leads us to believe that there may be some further reduction in the spring wheat outlook although the Peavey report was fairly optimistic except that some test weights are running low, and this generally means contraction of yields. Both country hauling and selling in the Southwest seem to be falling off.

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[illegible]

[illegible] with 3.7 million [illegible]

[illegible] There are evidently [illegible]

[illegible] Rye [illegible] new lows for all [illegible]

[illegible] occurred. [illegible] Wheat sales were much smaller and this of- [illegible]

[illegible] that there may be some further reduction in the spring [illegible]

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CHICAGO, 4

August 17, 1960

The present proportion of wheat surplus in relationto needs in this country is tremendous, but it would be ever so much greater were it not for an aggressive export policy. We have poured this grain into foreign channels to the extent that even some Communist countries have benefitted. Percentagewise the amount sold for dollars has declined while exchange for foreign currency of other lands recently has predominated. Some grain is also bartered and given away in the form of relief. From 1925 to the start of World War II, U.S. shipments of wheat only once surpassed 200 million bu per annum, and exceeded 300 million bu on one occasion only during the war. Since that time they have dropped below the latter mark only twice, and in the past five seasons averaged close to 450 million bu annually. This record gives our country decided leadership in this field with 25 to 45% of the world shipments, but significantly our State and Treasury Departments are at the helm as not a single bushel can be sold without a subsidy or contingency of some sort.

Markets for our wheat have changed as European intake has declined while Asian demand has expanded, and recently India, Japan and Pakistan have numbered among the major outlets. A factor in the problem of disposal is the effect on the economies of other friendly export nations such as Canada, Australia and Argentina. Under our P. L. 480 plan, humanitarian needs have been met while economic benefits are derived by importing countries where the currency of those lands used to purchase wheat is put to use for physical and cultural improvements. A few, including the above named as well as the U.A.R., Poland, Turkey, Brazil, and Israel, have practically been an unloading ground for surplus disposal, which in reality complicates competitive trade throughout the world and some day must be reduced and possibly halted. When a nation shows signs of economic rehabilitation, their name is removed from this list. Many have developed a more self-sufficient existence through increased grain production which will lessen their demand for American wheat. Since only a yearly average of 139 million bu has been sold for dollars since 1954, we more readily realize the necessity of an eventual change in domestic wheat programing or the likelihood of accumulating additional reserves is probable.

Once again weekly exports of soybeans exceed the comparable week of 1959, this time by 2 million bu, and since October 1st cumulative sales have amounted to 124.7 million bu. This means that the projected government figure for the season of 130 million bu should easily be reached and possibly surpassed though the movement in September often is quite light as prospective foreign buyers delay until the new crop is harvested when prices are cheaper. In the meantime, state reports dwell on the lateness of both this commodity and corn, and the major problem seems to be concern over the possibility of an early frost. Otherwise both crops appear to be developing favorably, and the 5-day forecast indicates 1/2 inch or more of moisture rather generally in the form of showers. Unsettled weather in Europe is delaying harvest according to Broomhall, and warmth and sunshine are needed to prevent deterioration of quality. Generally fair prospective yields of wheat should be maintained.

Primary receipts of wheat totaled 3 1/4 million bu which compared with 2 1/2 million last week and 1.7 million a year ago today. Kansas City and Minneapolis stocks have increased almost a million bushels so far this week.

Trade was extremely dull in all pits, and a certain amount of uncertainty prevails insofar as corn and bean crop progress is concerned. Therefore, it is difficult to become enthused in either direction until more is known. Meal sagged somewhat influenced by a comparatively poor demand for the cash product and oil prices were somewhat improved, a reversal of yesterday's trend.

Nearby wheat futures were under some pressure early in the session while deferred months were higher. Farm selling in the Southwest has dried up with the recent easing in futures. Flour business is also curtailed as a good deal of advance buying has been consummated. July wheat might offer some long-term advantage as this month represents new crop and would not be as much influenced by pressure from this year's crop. Also politics and the eventual possibility of legislation could produce a more bullish impact on this month as the minimum loan rate has been established for 1961. For the first time in a long while the government issued a subsidy on a small amount of rye for export. This, plus the fact that larger amounts likely will go under loan at the present level, rallied this grain.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 18, 1960

Americans in every walk of life have a personal stake in the outcome of today's competitive race. This does not refer to armaments alone, but to all phases of our economy. As we mentioned in a recent market letter, imports of foreign products have flooded our markets to an extent that home industries have naturally had difficulty in meeting competition. There have been even greater repercussions in that our exports have in many instances been curtailed because of cheaper labor abroad. Thus our manufacturers have been driven more and more into building foreign factories with the result that capital has moved abroad in ever greater volume. For example, in the past decade several thousand U.S. firms have built plants in foreign countries or have purchased an interest in foreign companies. Total foreign investment by U.S. industry has climbed above $30 billion. This is 2 1/2 times as great as it was in 1950, just ten years ago. It is rising now at an annual rate of $3 billion.

Wages, of course, are but one element in the cost of production. However, it should be noted that in the U.S., workers in manufacturing fields are paid an average of $2.30 an hour; for some craftsmen the rate is as high as $3.00 or more. Benefit payments may add another 30 or 40¢ per hour. The European pay scales are one-half or less than the U.S. rate, while in the Orient wages are but one-tenth or one-fourth of the American scale for equivalent work. Until a few years ago we had an easy answer to the low wage competition. Our tools and production techniques provided a margin of efficiency which more than offset differences in employment costs. Today, however, with technological developments in many foreign countries, we have been losing some of this advantage as the output per worker is rising abroad rapidly to the U.S. level. The difficulty, of course, is that living standards abroad cannot be raised to the U.S. level by decree, and in the same way the U.S. cannot legislate its wage structure downward without bringing about a marked reduction in living standards, which we have been three centuries building up. It is, however, a vexing problem for many manufacturers, particularly when the government is trying to raise minimum wages, guaranteeing them better supports, as has been the case with our basic farm crops. The manufacture of our products abroad creates no new jobs for U.S. labor, but most foreign nations are encouraging our investments in their countries to help strengthen their economies.

The overnight weather seemed to be satisfactory. There were some heavy showers over parts of Manitoba last night but nothing much in the other two Provinces. In our Northwest rains generally were light, and in a few spots hardly more than a trace. There was some heavy rain around Salina, Kansas, and also at Junction City. It extended to Enid and to Amarillo, which was regarded as welcome. Over the corn belt it was mostly fair but this should be followed tomorrow by scattered showers.

The Canadian wheat carryover is officially given at 536.2 million bu, a little less than last year but well above average. It is a large reserve for a country that only consumes 160 million annually. The oat carryover was down to 92.5 million bu, which was considerably less than last year and the ten-year average. Early reports indicated that an upturn of 1¢ had been registered in all hard wheat premiums Southwest. Even where exporters were paying as much as 8¢ above the net loan at most Texas and Oklahoma points, supplies were coming out in surprisingly small lots.

There was no particular significance to statistics except that Broomhall showed heavy exports of wheat and flour during the week exceeding 7 million bu with a season's total of nearly 58 million or 4.4 million more than last year. Beans were mostly firm with products somewhat higher, particularly oil. There was also some export business reported in beans to Norway and the U.K. In the wheat market Poland bought 375,000 bu of red wheat for August shipment via the Atlantic. There was a little export business reported in corn, but that market failed to show much response. We heard that one of the Chicago corn processors was operating under a 72 hour strike notice at their plant. Flour business tapered off but wheat showed a good undertone and there was hardly any pressure. We had another advance in rye early which did not hold. Weather seems satisfactory and the mid-day forecast confirmed an early prediction for seasonal temperatures and some moisture over much of the corn belt.

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CHICAGO, 4

August 19, 1960

The first impounding report of the new season is of little importance as farmers have until end of January in which to place wheat under the government loan. Since this summer's harvest brought more generous yields than last year, it is of no great surprise that as of July 31st 127 million bu had been placed under support, 20 million more than for the same date twelve months earlier. Reliance on this program has become more emphatic during the past decade, and even though production and reserves have increased annually, wheat values are relatively stable in view of such abundant accumulated supplies. Because of this situation, free stocks probably will tighten later in the season as government ownership enlarges, and finally the market level might have to be at a point so that redemptions can be effected. Finally if sufficient free supplies are available at the end of the crop year, a repetition of the last two seasons could occur when premiums virtually disappear. At the moment cash prices in the Southwest are already above the loan in some cases but farmers hold tightly to their wheat as they hope for further improvement, always cognizant of the support program which will bail them out if need be. It is hardly in keeping with a free enterprise system of competitive marketing even in a modern world, but the fallacy is that we, the taxpayers, are asked annually to contribute huge sums of cash in order to pay for this artificial system, while our markets dry up.

Rye and oat loan entries are insignificant this early in the season and the corn figure of 529 million bu since October 1st is little changed from last month, as the final sign-up date was May 31st. It is interesting to note that of the 45.3 million bu soybeans put under support last year almost 41 million bu was repaid. Of 7 million bu placed under purchase agreement, only 5,000 bu was forfeited, so that total defaults were quite small at 317 million bu with over 600,000 bu still to be accounted for.

Weather probably was the most important feature overnight as growing conditions are presently almost ideal throughout large sections of the Midwest. Rains have been rather general, and despite the fact that some places received none, the forecast indicates 1/2 to 1 inch in the next five days in the form of scattered showers. Though somewhat cooler in Iowa, the rest of the corn belt is humid and warm. For the time being the possibility of improvement predominates.

The threat of a strike to a large corn processor caused pressure on the nearby month of this grain. Some soybean shipments evidently are contemplated by water from Chicago, as we heard of some warehouse receipts changing hands. A private precipitation report indicates that Western Canadian Provinces now stand at 99% of normal, benefited by subsoil reserves early in the season.

Primary receipts of wheat amounted to 3.6 million bu which compared with about 3 million bu last week and only 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,378,000 bu.

The wheat market was very firm and the main feature as we see it is the lack of pressure with harvest in the Northwest pretty well advanced and apparently the market has not been burdened with hedges. Domestic milling demand has dropped off further, although there were some sales to U.A. R. consisting of 5 cargoes of flour. We would not be surprised to see the total impoundings for the season close to 600 million bu, and this together with large exports makes us feel that the market will tend higher, particularly as we make heavier inroads into our accumulations. Corn, except September, was very little changed from the day before, but beans were very firm, particularly the nearby month as it is thought quite likely that there may be some moderately good shipments made from here as discussed earlier. It must also be considered that even if our bean crop improves, that we are not likely to have a total supply of over 600 million bu including carryover. Chances are that disappearance including exports will rise above last year, and, therefore, leave us with very moderate reserves one year hence. This may not be an immediate factor, but certainly something that we must face eventually. There were reports that the U.K. and the Continent took some parcels of corn for September shipment, but other than this commercial demand was rather quiet. Oats were quite strong and we think that pressure should gradually subside. Very late in the session we had a report from New York that Poland had taken another cargo of red wheat, but this had little influence on the market.

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CHICAGO MERCANTILE EX.

August 22, 1960

The farm problem in this country is very intricate, and before we can get the solutions to our problems, it is necessary to understand the complications that are involved. As we have said so often in these letters, there are about 2 million farms in this country that produce about 90% of all products that are marketed. It is still a fact, however, that 96% of the farms in the U.S. are family farms, but the smaller units receive very little help from the government, and there is a bare trickle of aid afforded to them, so that they remain on low income and are the ones that need help the most. Price supports never have and cannot solve the economic problems of the small farmer. There are 2.7 million farm families that have low or inadequate incomes as the figures will reveal that we will give a little later. These 2.7 million small-scale, part-time, and residential farms produce a mere 10% of farm products marketed. Billions of dollars are being spent by law on the production of the larger more prosperous farms.

It is interesting, for example, to note that the U.S. average net farm income per farm for the country as a whole is only $2,548. There are only nine states in the Union where such income exceeds $3,500 per year. Strangely enough, few people would guess which of the states lead in this field. Arizona is the first with $11,391 net farm income per farm, with California second, and Nevada third. In the state of Illinois net farm income averages only $3,342 per farm and it is slightly higher in Iowa where it amounts to $3,794. The great state of Kansas, which is by far the leading wheat state in this country, shows a net farm income of only $2,902. In Texas where farms are supposed to be somewhat larger, the figure is not much greater and the type of income that we refer to in this letter amounts to $3,126. In Oklahoma it is only $2,141. The Dakotas which are so important in the raising of spring wheat have a net income averaging about $2,000 per farm. Under these circumstances anyone who promises to do something important for agriculture must more fully consider the commercial farms that number about 2 million that should ultimately become larger and be further mechanized as time goes on. Of course, many farmers are helped by virtue of the fact that about 40% of the net farm income is from non-farm sources. Many farm families on their own have reached out for such off-farm and non-farm income. It is their largest single source of revenue and in many cases brings in more than $1 out of each $3 which they receive. More and more farm people who have their homes on farms especially if they are small, are commuting to factories, offices, and other employment in towns or cities. All factors such as these have to be taken into consideration to properly assess workable solutions to promote better farm income if we are to do it under a system of Congressional legislation.

Chicago stocks of wheat showed a small increase during the week of 324,000 bu, but our total is now slightly in excess of 15 million. Corn stocks decreased nearly 1/2 million bu, but oats increased a million while soybeans went down 615,000 bu leaving a little less than 3 1/2 million bu in our market.

Trade was not particularly heavy. There was firmness in the wheat market although flour business was extremely quiet and export business was also slow. We had extremely good weather over the weekend with showers fairly scattered but there is some more rain predicted for Iowa and Ohio although not much more for Illinois and Indiana. They had a number of showers in Alberta and Manitoba which were expected to spread into Saskatchewan today. This will delay harvest and a period of warm, dry weather is now needed. One of the local corn industries that had been threatened with a shutdown had apparently settled its labor disputes. The corn market was very little changed and we heard that CCC was starting to take over the 1959 crop in Iowa. It is difficult to say how much the government will seal. Soybeans were lower except for September. We find, however, no evidence of additional beans that will be shipped out of this market by trade interests. The recent purchase of warehouse receipts was to cover old business although Commodity is believed to have some sold that will move out by rail to a processor. The bulk of the beans remaining here undoubtedly belong to industries who will want sufficient stocks to carry them until next harvest. Under the circumstances September is probably selling at a sufficiently high premium over November, particularly if we get new beans here around the middle of next month.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

August 23, 1960

Politicians in recent months have expressed so much pessimism about griculture that one might be inclined to think that it is a dying industry. We should, herefore, like to point out some of the more optimistic aspects to show its great-otential. We should also like to point out that while many small independent farm-rs are not becoming wealthy from their efforts, nevertheless, according to records ept since 1934, the average income per capita of farm population was the largest n 1959 of any year in that period except for two: namely, in 1951 and 1958. We hould also like to mention that even with the tremendous wealth in the country, the er capita income of the nonfarm population last year was only $2,216.

Agriculture has advanced more in the past 50 years than in all the prior ears of man's history. We have grown from a nation in which 1 of every 4 workers ad to produce food, to a nation in which 1 farmer is efficiently producing for 24. This is progress, the technological revolution in agriculture that has freed most of s from the labor of earning our daily bread by tilling the soil. Agriculture and orestry produce about two-thirds of our raw materials. The total investment in the usiness of agriculture exceeds $208 billion--almost three-fourths of the market alue of all corporation stocks on the New York Stock Exchange, or four-fifths of the alue of current assets of all corporations in the United States. Some of the $208 illion investment in agriculture is owned by urban people who have inherited or ought farm property. The average income per capita of the farm population in 1959 vas $965. Of this amount $644 was received from farming operations and the balance of $321 was augmented from nonfarm sources. We have much the same in ndustry where individuals have salary income and the balance of their intake is rom interest on bonds or from corporate dividends.

It is unfortunate that rising costs, including transportation have netted he farmer smaller returns for some of their products, but the same squeeze has lso taken place in many businesses. The wheat that is used in baking a 20¢ loaf f bread costs less than 3¢. The miller for his part of the operation received only 5/10¢the baker-wholesaler received 12¢, the retailer 2.9¢ while the balance of less han 1 1/2¢ went for transportation, storage handling and other processing.

As an industry, agriculture is now in a very strong position. Its total ssets are up 300% above 1940, the value of farm land has increased by 400%; the verage worth of a commercial farm is $135,000, and the average net income of ommercial farm operators, from farming, is $7,200 per annum. As for that raditional indicator of trouble, the foreclosure rate, it was 16 per 10,000 farms ast year; at the same time the comparable bankruptcy rate for all nonfarm businesses was 52, or three and a half times higher.

The visible supply of wheat during the week increased 4 million bu to a otal of 491 million. We now have 47 million more on hand than last year. The corn isible increased nearly 1 1/2 million bu and the bean visible showed a decline of 80,000 bu, leaving 9.6 million in various markets, which is still 2.6 million more han a year ago.

Markets were not too active, but during the session we had a sharp uprn in corn although best prices did not hold. This was due to the belief that the overnment will store all the corn they can including all grades as low as sample. nasmuch as they had been selling 2 to 2 1/2 million bu weekly, this will naturally nake some difference and consequently it is a factor not to be ignored despite good rop prospects. Beans were not much influenced by the higher prices for meal, ossibly for the reason that oil has been a little reactionary. There were, however, ome export sales including 5,000 tons to Formosa with that country looking forward o buying a similar quantity shortly. We believe that with the long interest that has een built up in the market, there may be better opportunities to accumulate beans. ater on heavy usage for domestic purposes and export could give us a considerable dvance. However, it is probably premature to buy yet. Poland bought a cargo of ed wheat for August-September shipment via the Atlantic, and Israel was inquiring or 1 1/2 to 2 cargoes of soybeans although we understand no trade has yet been onsummated. According to The Southwestern Miller it was very quiet in flour circles with only a small business. Chicago stocks of wheat are 15 million bu, all of hich is free. There are less than 3 million beans here privately owned while corn s in much the same situation with about 3.1 million bu in free hands.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1960

In the months ahead there will be all kinds of references to our agricultural situation by politicians and by others who can either twist the figures that are officially recorded or use them for their own purposes, depending on what they want to prove. As a result the conclusions drawn will be either good or bad according to how the various statistics are analyzed or explained. For example, it could be shown that the farmers' share of our food dollar in 1959 had dropped to 38¢. It was 40¢ in 1940 and 53¢ in the war year 1945. What people are not told is that we are now paying about $4 1/2 billion a year more than we were in 1939 for the convenience of having some of the work of the food preparation transferred from the kitchen to the factory or restaurant. The housewife appreciates what this means to her although the casual observer would not immediately realize that three "ready-to-serve" meals costing $6.70 for a family of 4 could be prepared in the home kitchen for $4.50, or $2.20 less. The homemaker would spend about 5 1/2 hours to prepare the three home-cooked meals, but only about 1 1/2 hours to get the three "ready-to-serve" meals on the table. It is a fact that out of every $20.00 we spend for groceries, we pay from $1.50 to $2.00 for the packaging, which helps to keep the food in good condition and at the same time it attracts more attention. Formerly we did not buy many fruits or vegetables out of season, but now we can get most of these products the year round. The cost, however, of shipping an average size head of lettuce from California to Boston adds about 5¢ to its selling price, whereas growers actually receive only slightly more than 6¢ to produce it. In spite of these factors, the American people are spending only 21% of their income for food. Most people of the world spend half their income for food.

Another great fallacy is that agricultural statistics so often refer to the average farmer income. This, too, is most misleading because such averages lump all farmers together, including the one-mule cotton and tobacco croppers of the Southeast, as well as the 300-acre corn and hog farmers of the Midwest, also the wheat men of the Great Plains, who hold upward of 2,500 acres, and besides the horn-of-plenty operators in the irrigated lands of Texas and California. When these are all grouped together, it is obvious that such figures do not give a true description of fact. Again when the per-capita income of the non-farm population is given at $2,216 as compared with the average income per-capita of the farm population amounting to $965, few, if any, will be told that those who live on farms receive their net income after living expenses are deducted, such as rent and food, two of the most important items of our living. Also farmers pay tax only on the net after deducting these expenses. It is obvious that while everyone has access to the same official figures, they can be distorted to win an argument, but they are certainly of little value unless thoroughly and completely explained.

There was a little more activity in markets and while commercial business was not of a heavy nature, there were about 2,300 tons of soybeans sold to Oslo, The crushing report was fully as large as had been expected. The total for the season shows a reduction of about 11 million bu, but as an offset exports are running 25 million higher than last year, so that there should be no change from indications in the final reserve stock.

We had some nice showers in our Northwest and they were also heavy over the Canadian Provinces, which should delay harvesting. Their flax at one time broke rather sharply but nearly recovered on a private estimate of only 21.1 million bu for that country. The U.S. state reports were not as optimistic with respect to corn and beans, and with the late season there was some early buying, but here, too, prices did not hold too well. There seems to be a very large long interest in beans and it may be that traders are starting operations too early in the season as we are still likely to have the second biggest crop, although it may not show the improvement that had been expected since the last government report was issued. In Iowa, development of corn and soybean crops remains quite late, but there is a great deal of variation between areas. The recent talk that government corn selling would lessen had some early influence on the market but best prices did not hold inspite of the firm cash basis. Wheat was without much feature although the reaction in other pits finally brought a little selling into that market. We feel that purchases can be made on setbacks as we still expect heavy impoundings. Rye was quite weak and this cereal does not attract much buying power. A few export subsidies were granted but they continue to be small.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK PRODUCE EXCHANGE
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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 25, 1960

There are any number of reasons to explain the fact that the farmer receives less of our food-dollar today than was the case one or two decades earlier. As a general rule the farmer's share of our food-dollar declines as the amount of food processing increases. There are, of course, some exceptions. It should be noted, however, that when we buy fresh green beans the farmer receives 43¢ of our dollar. On the other hand if we buy frozen green beans, he gets only 19¢ of the dollar. Thus with the great advance that has been made in food-packaging, one must take cognizance of these changes. In the case of meats, the farmer's share of our dollar spent for animal products will make a better showing, as, for example, choice grade beef 62¢, choice grade lamb 53¢, and retail pork cuts 48¢. In the instance of frozen orange juice concentrate, we have an exception to the general rule, the farmer's share increasing because it is more efficient to ship juice than the whole orange. When foods are sent over many miles of territory, the increased freights have a tremendous bearing on this general situation. It might be mentioned here that there were more fresh fruits and vegetables shipped into New York City last year from California than from New York State, and by the same token more flowed in from Florida than from local origin. To show how large this business is we give the carlots below, calling attention to the fact that a carlot is used as a unit of measurement whether the products arrive by train, truck, boat or plane:

From California to New York City during 1959-37,300 carlots
From Florida to New York City during 1959---25,800 carlots
From New York State to the City of New York-24,000 carlots

Fresh fruits and vegetables shipped each year into New York City would fill a train reaching from Texas to New York. Under modern techniques, we expect and enjoy fresh vegetables and fruits the year round. Modern refrigeration and transportation has ended our seasonal eating habits and provided balanced diets for our people, but getting food from farm to market is a mammouth job. It has been said that a modern Super-Market will carry stocks of food from each of the 50 states and from Puerto Rico and the Virgin Islands. Thus freight handling and transportation are elements that have likewise brought about an entirely new relationship between farm income and delivered price in the market place.

Before our market opened this morning there was not much moisture reported Southwest but there was a considerable amount of precipitation in the spring wheat area, with Huron, South Dakota receiving more than 2 inches and Fargo, North Dakota 1.61 inches. Chances are that there will be some thundershowers in Iowa and Illinois, mostly in the northern sections, which still leaves some uncertainties for the corn and bean crops.

Poland bought 500,000 bu hard wheat via the Gulf and 168,000 red wheat from the Atlantic. The U.K. also took some hard wheat and all of the business was for September shipment but it had very little influence.

Oil was a little higher before beans opened, which gave us an early advance in soybeans. The Searle estimate indicating a better flax crop than had been forecast by a line elevator company caused some weakness in Canadian prices, particularly as there was no sign of any export business this morning and lincoil prices at Rotterdam were slightly lower. Small export subsidies in rye were granted again and should they continue it will naturally have a bearing on the market as we need big exports with the large crop that was raised.

There was temporary weakness in beans but the market improved as soon as it was learned that cash meal was in better demand, and, as a matter of fact, meal futures had a strong rally. On the upturn September beans were a shade higher than the later months. It was claimed that the remaining stocks held by CCC in Chicago were sold to a processor. There may have also been some local warehouse receipts sold to industrial users. Wheat was not particularly active and a good deal of the trade consisted of spreading transactions. There is persistent wet weather over large sections of Western Europe, and the French crop appears to be smaller than last year. In Germany rains have been almost a daily occurrence so that with wheat and oats in shock, the quality is expected to suffer. In India weather conditions continue favorable for autumn crops and also for preparation of the soil for wheat and flaxseed planting which normally gets underway early in September. The Argentine official estimate confirms reduced acreage to wheat. Conditions, however, are mainly satisfactory as the result of frequent rains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 26, 1960

A generation or more of various farm programming adds up to hopeless tinkering, fantastic losses, planned chaos, and a lost war against nature's laws. We are becoming gravely concerned over a growing national attitude of dependence on government. The tendency seems to focus constantly on Washington for the solution to every problem. There is no surer way to lose our American heritage of freedom than to let this tendency grow unchecked. Few of our people realize how far we have already gone on this path. In contrast to the many benefits that are being granted to farmers, we turn the pages of history back to the latter part of the 19th Century when Congress passed a bill providing for free gifts of seed to farmers. It involved only a small amount of money, probably in the neighborhood of $10,000, but the bill was vetoed by President Grover Cleveland because it involved a big principle rather than just a small amount of money. He expressed himself in this way: "Though the people support the government, the government should not support the people."

Powerful forces such as are at work today are pushing us toward a planned and subsidized economy which weakens initiative, discourages industry, destroys character, and demoralizes the people. We know it is often said that unless farmers are given greater aid, more of them than ever before will have to leave their farms. In this respect they overlook one very important doctrine. It has been the efficiency of farmers themselves that permitted the growth of an agricultural industry such as we enjoy today. If our farmers were no more efficient than those of the Soviet Union, 22 1/2 million Americans who now work in manufacturing, construction, mining, the trades, transportation, and other nonfarm business would have to produce food, clothing, and forest products. Thus a good number of less efficient operators who have been relieved of their duties on the farm have in many cases moved forward to a more prosperous existence, and through their labors, the people of this country have enjoyed many luxuries, such as automobiles, radios, refrigerators, and televisions. Our economy has improved to such an extent that most of these amenities of life have been made available to everyone, and by the same token many industrial workers have helped to increase agricultural efficiency with modern machinery, agricultural chemicals, and other farm production supplies.

According to the USDA WHEAT SITUATION: "Supplies (of wheat) in 1960-61 are at an all-time record high of 2,682 million bu. Exports are expected to total about 525 million bu, 17 million above the high level in 1959-60 and within 25 million of the record in 1956-57. Domestic disappearance is estimated at 610 million bu, about the same as last year." They then conclude from the above that the carryover at the end of the present marketing year may be about 1,550 million bu, which would be 235 million more than the carry-in supply last July, and, of course, would be the largest in our history. They even expect that by July 1, 1962 there would be a still larger reserve, based on normal expectancy for home usage and exports. USDA also points out that of the 1,313 million bu of wheat in this year's carryover, CCC owned 1,196 million bu. This indicates the extent to which our government is involved in the wheat program.

Primary receipts of wheat amounted to 3.1 million bu which compared with 3.6 million bu last week and 2.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of a little over 1 million bu. According to Broomhall, wheat and flour exports for the week were close to 6 million bu; for the season they are 63.7 million which is a slight increase over last year. Corn exports since October 1st are 179 million bu or about 9 million under a year ago.

Trade was quite active in beans and the market was higher. Some people think that we might have a smaller crop, and in any event it will be late so that shorts in the September future have become uneasy. This could, of course, change later in September. Meanwhile there are some free beans here, but the bulk of them are probably owned by processors as insurance against a late start. Export business was quiet generally although France bought some parcels of soybeans. Wheat was very firm and at Kansas City new highs were made for all delivery months. The tone of their cash market was strong with commercial buying, and offerings were very light. Even ordinary wheat sold at 4 over September. The cash corn basis was firm and futures were higher.

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CHICAGO, 4

August 29, 1960

Despite record supplies of wheat at the start of the present season, the market trend probably will approximate the pattern of the past few years because the government loan has become an increasingly important factor. Average supplies at the start of each of the past five seasons have been over 2.1 billion bu, which more than doubles the average 985 million bu grown from 1936 to 1940. It is true that the disappearance now is greater than the average crops raised in the prewar period, including 487 million bu for food, 49 million for feed, 64 million for seed, and 450 million for export. Some of this usage, especially foreign shipments, is stimulated by special government programming. Nevertheless, reserves tend to mount to the point that 1.3 billion bu was carried over last June 30th, enough to cover all requirements for the present season without producing any additional wheat, which , of course, we did, so that supplies next July 1st could approach another record if normal growing conditions prevail as they have for recent crops. The fact that the price pattern is dependent on the support program can be seen by statistics and of the total carryover on July 1st mentioned above almost 1.2 billion bu was owned by CCC with other small amounts eventually scheduled for take-over. Since some grain is held by farmers in order to avoid paying over planting penalties free supplies were only about 23 million bu, an unbelieveably small amount when dealing in such large figures. For this reason producers might logically be expected to sell only if they cannot store, or if they can equal or exceed the loan price. Otherwise they will impound their cereal. Finally this policy should effect a tightening of free supplies and price level should then impound their cereal. Finally this policy should effect a tightening of free supplies and price level should then improve, as has been the case in recent years.

The USDA has estimated rye supplies in 1960-61 at 44 million bu vs. 38.4 million bu last year, which is in line with the 5-year average. Domestic disappearance will be around 26 million, somewhat of an increase and exports about the same as last season, so that next July's carryover could be close to 13 million, an increase of about 2 1/2 million over this year when CCC owned almost half the reserve. Even though prices are below those of a year ago, they are still slightly above the loan. If they sink much the government program will be utilized and could tend to act as a stabilizer.

Some fairly good rains were reported in the Southwest with the corn belt having little over the week-end but the 5-day forecast indicates precipitation in the form of good showers mostly in the north and central sections. The rather high temperatures will aid in the maturity of both corn and beans, and the question of whether or not the latter commodity can be harvested in time for delivery on the September contract is important. It seems possible that this might be the case, which would cause the nearby month to lose on the deferred. CCC sold over 3 1/4 million bu corn domestically for the week ending August 19th, and it will be interesting to note whether they can curtail sales as they have indicated they would like to do between now and November as the amount of this grain taken over might be too much to adequately store.

During the week wheat stocks in Chicago increased a small amount to a total of 15.1 million bu. Elevator supplies of corn declined 176,000 bu, leaving 20.6 million of which only a small percentage is free. Oat stocks increased over a million bushels, and there is now in excess of 7 1/2 million bu here, and it appears as though deliveries in the September contract are likely as this month has been subjected to persistent liquidation. Local supplies of rye increased some, and there is almost 3 million bu here while bean shipments resulted in a 344,000 bu decrease, leaving 3 million. The CCC sold over a million bushels of this commodity in Iowa late last week which might account for part of the pressure in today's market. Products eased, particularly the oil, as the Census Bureau Report showed an increase in stocks even though the crush in July was about the same as in June.

Cash premiums of wheat in the Southwest are still strong with demand aggressive though some increased offerings are hoped for with better bids in many sections. Export flour sales were of rather large size, and some small amounts of red wheat were sold with additional business to Poland in the offing. Our market, particularly the more distant months, has been well supported and though there may be some deliveries, carrying charges probably are about wide enough to cover most charges.

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August 30, 1960

Thomas Jefferson, in addition to being one of our greatest statesmen, a one-time Secretary of State, and later President, wrote the Declaration of Independence when he was only 33 years of age. He lived in an era when 90% of our people lived on the land, and he saw in agriculture more than an occupation--he saw it as a way of life. He was interested in research, conservation and farm machinery. He invented a plow that was the best of its kind for many years, and developed a seed drill, a hemp brake, as well as bringing improvements to a threshing machine. After serving two terms as President of his country, he said:"No occupation is so delightful to me as the culture of the earth." We are sure that if he were living today he would be shocked at the threat to American freedom and the indifference with which so many of our people view that threat. His philosophy taught him that a planned and subsidized economy would weaken initiative and destroy character, for it was he who said:" To preserve our independence, we must not let our rulers load us with perpetual debt. We must take our choice between economy and liberty, or profusion and servitude." It is too bad that those who work on farms today are not given the same opportunities of freedom under our free enterprise system, for it is progress that we have always made in this country that has been the fruit of freedom, and the very foundation stone on which the American people have built the world's highest standard of living.

Before our market opened this morning there was not too much to guide it. There had been some rains reported over Iowa and on the whole weather was considered well suited for both corn and beans. Reports from our own state and those from surrounding territories continue to mention the uneven condition of crops, which makes it difficult to evaluate what the final results will be. On the other hand, it is pretty generally recognized that even though the soybean outlook is less satisfactory than last year, we may have some post-harvest pressure, and it is for this reason that we would defer purchases of beans even assuming that all the statements of heavy usage will later make an impression on the market. There was no moisture reported in our Northwest during the past 24 hours, but rains the last week were quite helpful to root crops, corn and soybeans, according to the Peavey report, but by the same token were disturbing to farmers who still had small grains to cut and combine. Deterioration of quality is expected and from a Canadian who visited here yesterday, we are led to believe that possibly the same situation might prevail in that country, as they have had more moisture lately than was needed. There were a few light showers reported over Alberta last night, but very little elsewhere. Cool weather is now indicated with only very light precipitation in sight. Conditions in Europe have not been too favorable as there has been an excess of moisture both in Britain and on the Continent, in fact, the U.K. reports that a high moisture barley will require admixture with drier imported grades.

In the overnight subsidies 80,000 rye was offered and all of it accepted at 22¢. In the aggregate it looks as though fair quantities may be exported and the future of rye will depend largely on how active the government is in granting further subsidies in order to make heavier inroads into the accumulated surplus.

Primary receipts of wheat were heavier at 3 1/2 million bu which compared with 2.8 million last week and nearly 3 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 409,000 bu. The visible supply was published today and showed a wheat increase of 596,000 bu for the week. We have nearly 48 million more in all positions than last year. The bean visible decreased 760,000 bu, still leaving 9 million bu in various markets.

Corn was without much feature except for the September delivery that went into new low ground for the season. This in spite of a very firm cash basis and no government selling. Beans were on the downside, the September weakening to a point that it went to a discount under November, while in wheat the market dragged lower even though there was a report that Poland had taken about 560,000 bu of red wheat overnight. It was very quiet in the flour trade, and according to The Southwestern Miller, volume is hardly a third of capacity. Chicago elevators met with Union officials but, as we understand it, no agreement on contract has been reached yet. These expire at the end of the month. It is generally felt that 1 to 2 million bu of oats may be delivered, and probably not much corn. There are a few warehouse receipts in beans on the street, but other than this we expect small tenders. There could be from 1 to 3 million wheat tendered tomorrow.

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CHICAGO MERCANTILE EX.

August 31, 1960

Today Secretary of Agriculture Ezra Taft Benson spoke before the Illinois State Chamber of Commerce in what might be his last major speech while a member of the Cabinet. Certainly he has been one of the most controversial holders of this position in our history, but when he was appointed 7 1/2 years ago, many people thought he would be the first to fall from the Eisenhower regime. The opposite has been true, and despite turbulent years in which farm spending enlarged beyond recognized proportions and surpluses accumulated to new magnitudes, it would be unfair to place the blame entirely on this man's shoulders. Two factors probably have helped create many of the agricultural problems with which we are faced--technological advancement and weather. The first is of tremendous scope, and the second in conjunction has assured bumper yields annually in almost all domestically-grown commodities in spite of acreage restrictions and production controls. If ideals count, Mr. Benson's name might be placed among the most dedicated in our history, for no man ever recognized freedom of enterprise and competition more than he. When he took office, he inherited an outmoded, impractical price support system, originally instituted as an emergency measure, but his attempt to revamp instead of discontinue this program has brought near crisis to the American farm-scene. Mr. Benson in his address emphasized the fact that the American government must not subsidize inefficiency in agriculture, and that this problem never will be resolved by political maneuvering and misrepresentation. To this we wholeheartedly subscribe, as well as to the theory that sound economic principles should be applied in the best interests of the entire country.

When Mr. Benson became Secretary of Agriculture in 1953, 90% supports were on the books for two years, Congress then approved some flexibility, gradually lowering the loan level to a 75% premium. The Soil Bank with the Acreage Reserve was recommended as a temporary measure but was extended by Congress to 1956. The Secretary's attempts to reduce supports to 60% of parity were compromised by the present program for corn and cotton, but nothing was done for wheat, tobacco, and peanuts, and that is wherematters presently stand. It is difficult to analyze this period accurately but it seems from the accumulations and commodity investments as though headway has been terribly slow. We hope that the next Secretary of Agriculture and Congress will realistically provide a program that will end federal domination. The government's function expressly stated by the present Secretary should be in the field of research, market expansion, including "food for peace", farm land adjustment in accordance with needs, expansion of rural development, and improvement of the price support mechanism. In this latter respect we suggest a complete overhauling, a new untried idea, such as direct payments or payment-in-kind, whichever best suits. As Mr. Benson himself points out, farmers know that the so-called parity index upon which loans are based are 50 years old, outmoded and a poor measuring stick.

Soybean exports last week totaled 1.9 million bu vs. 1.5 million during the comparable week in 1959, and since October 1st are 25.5 more than a year ago. Products were firm, the oil early, as cash interests were the best buyers. Beans, however, had difficulty maintaining bulges, and with near perfect weather there is temporarily hesitancy insofar as new support is concerned, and some traders feel small reactions might occur in which case this commodity could become rather valuable property.

There is a threat of an elevator strike and as a result very little spot corn traded, and some feel that if settlement is not reached, a walk-out might occur for a fairly lengthy period. As of noon original notices of wheat amounted to 2 3/4 million bu and oat tenders amounted to 1,855,000 bu and rye 665,000 bu. Only 15,000 beans and 30,000 corn were announced for delivery. This is about as had been expected. As a result wheat was under some pressure, but export demand has been brisk and with wide carrying charges, elevator and commercial interests might be more tempted to carry this grain. A small pick-up of first hand farm selling appeared in the Southwest with elevators attempting to make some room for the harvest of soybeans and milo.

Primary receipts of wheat totaled 2.3 million bu vs. 691,000 last week and 1.8 million last year. Kansas City and Minneapolis stocks have increased 832,000 bu so far this week.

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CHICAGO, 4

September 1, 1960

The growth of our population has been at an astounding rate, and if anyone had predicted 25 years ago that there would be 180 million people in this country by 1960, there might have been considerable apprehension as to whether we would have enough food to take care of our people and still maintain exports as a reasonable rate. Not only has this been accomplished through technological procedures but Americans as a people are eating better than ever before in history, and our shipments abroad have been larger than ever before. During the past seven years the value of our farm exports was the greatest for any seven-year period in history--$26.5 billion. Despite all this, farmers realize the importance of markets and they know that price must be permitted to play its traditional role in directing production and consumption. They have learned that government price-fixing destroys markets, regiments farmers, piles up surpluses in government warehouses, and puts burdens on farmers, as well as on all other taxpayers. The farmer is just as much interested as anyone else in peace, fiscal integrity, balanced budgets, and a sound economy, as well as in farm prices. Thus it is essential that if we are going to continue having agricultural programs, they must be sound, and that there must be less government in farming.

One might project what will happen if our population reaches 230 millions by 1975, as is predicted by the Commerce Department. If and when this occurs farmers and ranchers must produce:

16.3 billion pounds more red wheat
47 billion pounds more milk
20.7 million tons more fruits and vegetables
20 billion more eggs

These increases will be necessary if we continue improving our diets at the same rate as in recent years. To produce needed additional quantities of these and other foods, another 200 million acres of cropland would be required if yields in 1975 were the same as 1956. Here again we might add that we do not have 200 million more acres of cropland, but according to experts and researchers we do not need them. Rising productivity and efficiency on farms and ranches will make it possible to feed 230 million people from about the same total acreage presently used. We say this unequivocally based on past experience and the further belief that soil and water conservation measures are being applied to the soil and even greater technological advances can be made, so that any theories of food scarcity, such as were predicted by Malthus a century ago, are not apt to find fulfillment, at least in the foreseeable future.

Late yesterday the Canadian Bureau of Statistics made its first estimate of crop production, indicating a wheat yield of 472.5 million bu, an oat crop of 442.2 million bu, a rye crop slightly in excess of 10 million bu, and a flax yield of 26.1 million bu. The latter was a little more than had been expected and caused some weakness in the Winnipeg market. Broomhall's Foreign Crop Summary claimed that no improvement had occurred in European weather and as a result damage from persistent rains was reported for rye but even more for wheat. Harvesting has been slow although a few clear days have helped farmers cut their crops and yet much is sprouting--altogether the outlook has deteriorated. In India torrential rains and floods caused hardships to natives and seriously damaged crops. Plowing for small grain and flaxseed will be delayed until flood waters subside. In Australia wheat and barley are making excellent progress. Wheat should exceed the 194 million bu crop of last year.

Wheat was quite firm. There had been a cargo of white and one of red wheat sold to the U. A. R., but almost of equal importance was the strength in Kansas City, particularly for the September future. We heard that a little new corn was beginning to move in the Vincennes, Indiana, area. However, corn futures were higher and the cash basis was maintained even with the strike at Chicago elevators. Neither of the local corn processing plants are affected. Tomorrow morning there will be a private estimate of crops, and it is hard to tell what the soybean report will show. Our market today was lower early, but recovered later as the meal market strengthened. We had a report that 140,000 bu of Canadian rye cleared for South Chicago Wednesday, but despite this, rye futures were strong mainly on reports from Europe that there had been deterioration, particularly in Germany. There were no rye export subsidies granted ovemight.

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MINNEAPOLIS GRAIN EXCHANGE
WINNIPEG GRAIN EXCHANGE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 September 2, 1960

It came as no great surprise that Congress adjourned without completing much of the important business for which the special session had been called. The talk about a farm program was more for the convenience of those seeking re-election, and many other bills upon which action had been expected were left in the category of unfinished business not to be decided upon until the new calendar year when Congress reconvenes. Neither party has taken a very definite stand in regard to farm policy except to say that something should be done, and it will be interesting to see if a more clear picture can be derived from campaign speeches.

In the meantime grain markets should be more influenced by routine events, and we have checked with various commercial users to see if their opinions regarding wheat coincide with ours that deferred months of this cereal might eventually appreciate in value. They generally agree that a fair export demand for red wheat could persist throughout the season, and eventually eastern stocks might be pretty well utilized. Cash wheat is hard to buy and supplies in the South are not as cumbersome as might be expected because the June exports were sizable and accounted for almost all of the remaining 1959 free crop, as well as some new wheat. With nearly full carrying charges, the large deliveries are beginning to fall into stronger hands as soft wheat supplies currently are relatively tight even though this year we harvested the second largest wheat crop in the nation's history. Producers again will in many cases attempt to defer income to next year by waiting until at least January before selling and over-all domestic consumption will be in line with last season while an increase in clearances to 525 million bu is expected.

Two private crop reports were released this morning, one by Quaker Oats Company, which indicated some improvement for both corn and beans but they were careful to state that there is absolutely no uniformity anywhere in the heavy producing sections of the Midwest. The forecast by Galvin, based on conditions as of September 1st, places soybean production at 562 million bu, which compares with his figure of 557 million and the government forecast of 548 million one month earlier. He comments that the over-all moisture situation is generally favorable, and that crop progress is good. We will have to wait until September 9th to compare with the USDA when they make their official monthly report. The above-named source forecasts corn output at 4,155 million bu, a slight decrease from one month earlier, but a 42 million bu increase over the August government release. Galvin also points out that there is a good deal of variance mostly due to the late seeding and the fact that prospects have gone backward in Minnesota and South Dakota where moisture receipts have been less than theCentral States where improvement was shown. Another increase was estimated for oats and production is placed at about 1 1/4 billion bu, up 85 million bu from the official August figure. Spring wheat production is reported at 268 million bu, 20 million increase from both Galvin and the government one month ago.

The first reaction to the soybean report was of a bearish nature, and the market declined rather quickly, but later in the session support appeared. If production eventually totals 562 million and the carryover is under 35 million as currently anticipated, we would then favor purchases of soybeans, especially on any weakness, as total supplies would be no larger than the past two seasons and usage should again be at least as much as in the 1959-60 season, and possibly more. The Evanston CCC office has about 7 1/2 million bu of this commodity left.

The weather forecast is about unchanged from what we have had. In other words, continued high temperatures with little moisture is looked for during the next 5 days. Except for technical rallies, we see little incentive to purchase corn at this time of the year as total supplies will be an all-time record, and moderate free stocks should be available at the end of the present season. The Chicago elevator strike is still on. The main feature to our wheat market was the weakness in May and July in comparison with nearby months, reflecting our earlier remarks.

Primary receipts of wheat totaled 1.9 million bu vs 3.2 last week and 3.3 a year ago. Kansas City and Minneapolis stocks increased 1,202,000 bu. When the visible is posted Tuesday, it will compare with a decrease of 354,000 bu in 1959.

A typographical error appeared in yesterday's letter. The country will need 16.3 billion pounds more red meat (not red wheat) by 1975.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 6, 1960

Between now and election time in November, we are bound to hear a great deal of discussion on farm topics. Under the circumstances it is well that people realize some of the fundamental issues. First of all, total farm assets are about $204 billion, of which the largest part consists of real estate, amounting to more than $129 billion compared with only $33.6 billion in 1940. In the field of machinery and motor vehicles, farmers own $18.4 billion worth of these items vs only $3.1 billion two decades ago. Livestock numbers have increased both numerically and in value with the present worth amounting to $16.2 billion against only $5.1 billion two years earlier. This, however, is not always an indication of what farm income has been or should be, and as various cost items of farmers increase, legislators hope that a sound parity ratio will be realized.

The average income per person on farms, including both agricultural work and off-farm sources, was a little lower last year than the year before, but yet it was higher than for any other year since 1951. There are more farm families today supplementing their farm income by obtaining off-farm jobs, and besides the number of farms has decreased, so that the available farm income has been distributed among fewer farm people. It is hoped and thought that if crop yields are average or better in 1960, the per capita income of farm people from all sources should equal or exceed that of 1959. There is every reason for us, as grain men, to share the hope of others that farm income should remain high. We are not entirely unselfish in this respect because the higher the price, the larger the margin of profit ordinarily, and the more grain that will flow through commercial channels. However, it is difficult to bring about ideal conditions to every segment of our economy and particularly to insure reasonable profits in individual cases where there may be less efficiency, poorer programming, and a general indifference to the amount of work involved in getting best results. Actually it is no different from any other type of business. Even in good times we find that on an average there are between 250 to 350 business failures per week in this country, and for the last four weeks failures have totaled 1,171 against 1,108 last year. It would have been impossible even with government help to have kept many of these companies from becoming bankrupt, and by the same token there must be a good many inefficient farmers who suffer the same plight. It all goes back to the Darwinian theory of the survival of the fittest, and this holds true despite legislative attempts to bring about a Utopia.

Beans were firm right at the opening on strength in oil and meal and there was a fair amount of buying which followed on the assumption that this will be another year of heavy usage. The American Soybean Association terms the situation as tight with respect to the supply for the coming year, indicating that we shall have another year of large exports, as well as heavy home usage. They go on to say that the U.S. will supply a record proportion--about one-third--of the world's trade in fats and oils. World production of fats, oils, and oilseeds in 1960 is also forecast at an all-time high, probably reaching 31.4 million tons. Output will be slightly larger than the previous record of 1959.

Chicago wheat stocks showed a small increase during the week which gives us a total of 15 1/4 million bu. Corn also increased, but this is not much of a factor since a good part of the 20.8 million bu consists of government holdings. Beans declined 883,000 bu leaving 2.1 million bu here.

Markets were only moderately active. There was naturally a better trade in beans, and some commercial buying as well as some stop loss buying as the market advanced. We heard of one or two isolated territories where small amounts of beans were taken in by country stations, but certainly within the next two weeks, if the present warm weather continues as is predicted, there should be a fair number of beans harvested, and Chicago will undoubtedly start to build up its reserves soon. The 5-day weather outlook for Illinois and Indiana was for temperatures averaging 10 degrees above normal with not much precipitation. For Minnesota and Iowa rains should prove a little heavier, but in any case the hot, dry weather that we had over the holiday prompted good growth in almost all areas. Two of the important soybean processors in Illinois regard weather as ideal from their own standpoint because it would guarantee a higher oil content. They were also of the opinion that high temperatures were hastening the maturity date. The Illinois bean crop was said to have variable conditions due to late planting, and probably 25% of the crop has reached the ripening stage.

UHLMANN GRAIN CO.

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CHICAGO, 4 September 7, 1960

With interest rates on the decline in the United States, there has been a stepped-up trend of foreign investments. American companies with surplus cash have switched funds overseas where rates generally are higher, and in some cases almost twice as high as short-term Treasury notes. Whereas the U.S. has been thought a safe repository, some governments are concerned about the declining purchasing power of the dollar and prefer gold or foreign securities. Also, some Latin American countries, especially Cuba, which formerly invested in the U. S. are now going abroad where gold prices are rising. As a matter of fact, gold is now leaving our shores at what would be a rate of nearly $2 billion per year. This and other factors have caused more apprehension among American economists concerning the domestic business scene as there is a possibility of a further slide which might have much to do with the shift in currencies, especially since the boom which we have experienced is just beginning to reach many European and other countries throughout the world. Some bankers fear that if the U.S. economy weakens, a flood of capital might seek refuge abroad, and the inflationary upswing in Europe is the reason for the tightening of credit there. Many U.S. Treasury officials feel that the current outflow of gold will be of temporary duration, but eventually foreign economies will come more closely geared to our own. As long as our nation keeps its trade balance leadership, liquidity should prevail as monies are spent for American produced goods. Here again, though bank officials are concerned because in addition to interest rate advantages, many foreign production costs are cheap in relation to our own which has aided in the increased importation of articles from other lands that compete with those manufactured domestically.

The 5-day weather forecast indicates some relief for Illinois by the weekend as temperatures are expected to moderate, and there is a possibility of rainfall. In Iowa and Minnesota the same weather outlook is indicated, which is not too surprising as current thermometer readings are quite high for this time of year. Both corn and beans undoubtedly have been hastened to maturity but it is now thought that the hot weather has adversely affected late-planted crops; corn not as much, but a few complaints have been registered regarding soybeans, and the government crop report to be released next Friday is based on conditions as of September 1st and would not fully account for setbacks.

There is a meeting amongst elevator people today to discuss a strike settlement, which might mean that the end is close at hand. Though export business in wheat was light over the holiday weekend, a rather large volume is likely overnight with Pakistan and India negotiating for both hard and soft varieties. A few small parcels of red wheat have been worked. Farm selling remains tight in the Southwest with market strength encouraging producers to hold. According to Broomhall wet weather returned to most of Europe, halting the remaining wheat harvest. Moisture content is high reflecting large amounts of precipitation the past month or so. In some cases damaged wheat and rye will be fed which will curtail the need for imported feed grains, but should stimulate an interest in high grade milling quality wheat. In addition to a large carryover, new crop Australian wheat prospects are promising.

During the week free stocks of wheat in Chicago increased to 15 1/4 million bu. Free corn supplies increased 168,000 to over 3 million bu. The visible supply of wheat increased 3.1 million bu, but it will be more difficult to make comparisons with the past as five new cities are now included in the total.

The weekly government crop report discusses the hot, dry weather which advanced corn, and they mention that this grain has begun to fire in a few areas as moisture supplies are now falling below normal requirements. Pasture conditions are below average. Advances were limited despite two private reports covering Illinois and Missouri which spoke of some damage in bean fields, especially where this commodity was planted behind schedule. Cats reacted as deliveries continue to circulate, and Chicago stocks are large. Wheat prices changed very little but deliveries have been heavy since the start of the month, and the amount of export business during the season will be an important influence on prices. Gradually the wheat market might be expected to improve. Primary receipts of this grain totaled 2.7 million vs 2 1/4 million bu last week, and almost that much a year ago this date. Kansas City and Minneapolis stocks have increased 121,000 bu so far this week.

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CHICAGO, 4 September 8, 1960

The farmers' record of efficiency is a complete story in itself. Space would not permit in a letter of this kind a full expose, but there are a few pertinent facts that stand out. For example, one hour of farm labor produces four times as much food and other crops today as it did 40 years ago. Crop production is 56% higher per acre. Output per breeding animal is 81% greater. Productivity of the American farm worker is now growing more than twice as fast as the productivity of workers in industry. Since 1950, output per man-hour in non-agricultural industry has risen 2% a year. In agriculture the increase has averaged 5% per year. In spite of all this, the American farmer has been caught in a cost-price squeeze to the extent that there are lower prices for what is sold against higher prices for the various products that are bought. Had it not been for the continued increase in production efficiency at an unmatched and unprecedented rate, today's problems would be even greater.

Before our market opened this morning we had a few more state reports, and there were also weather forecasts indicating lower temperatures with a possibility of moisture. About the only rains of any consequence in the grain belt were those in the Northwest, the heaviest being more than an inch at Huron, South Dakota. We expect that there will be some moisture in Iowa tonight, working toward the Illinois-Indiana area, and to that extent there should be an abatement in the hot, torrid weather that has prevailed in the past few weeks. Corn and soybeans have been pushed ahead rapidly. Corn development in particular progressed during the recent hot, humid weather, and for Illinois virtually all of the corn is in or beyond the milk stage and 80% has reached the dough stage, including 45% which is dented. The crop is very spotty in almost all parts of the state. Soybeans advanced very fast last week and the weather helped many late fields catch up, but dried other fields prematurely. It will be very interesting tomorrow to see how the government evaluates the crop. If there should be a slightly bearish report in comparison with the recent figures, some will claim that damage may have occurred since tabulations were made. On the other hand, if reductions are noted in the production outlook, traders will probably feel that with a reduced carryover we are going to run into theoretical shortages before the end of the next crop season. In any event there will be no immediate shortages, and we are not going to run out of beans during the first two or three months of the season so that any projections which are made will have to be based on the gradual inroads that will be made on existing supplies with the further thought that, if prices remain relatively high, smaller quantities will go into the loan. The weekly export figures published yesterday showing 2.8 million bu shipped compared with only 600,000 last year were construed as bullish, and strengthened the belief that we are going to ship large quantities abroad for some time to come. To-date, exports are 27.7 million bu above the previous season.

Weather in the Southwest was mostly clear except for a light shower at Norton, Kansas. Farm selling of wheat continues exceedingly light with most line elevators buying only trivial amounts although offerings by interior merchandisers have been somewhat larger, indicating greater eagerness to take advantage of current levels in order to make space.

Primary receipts of wheat were 1.8 million bu which was smaller than last week but compared with 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 138,000 bu.

Trade was on the quiet side. September beans gained on later months, and trade interests are buying small quantities of new crop beans for very early shipment and are paying premiums over the later delivery. Also Illinois River elevator buyers are booking beans, paying about 7 under delivered at their elevators. This may prevent the September from losing much ground on November, but the final price will naturally depend on the outcome of the crop, as well as usage. Lower meal today was offset somewhat by higher prices for oil. Wheat was quite firm but there was no special feature except there is a strike at Buffalo affecting grain elevators, while here no settlement has yet been made. India keeps buying wheat but mostly on the West Coast, and flour business is very slack. Corn was very little influenced by the firmness in the cash basis with some sales reported at 6 1/2¢ over. Whether the government report tomorrow shows a little more or a little less is not too important.

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CHICAGO, 4 September 9, 1960

There are those who believe that corrective measures must soon be taken to restrict government activity in agriculture. Now that farm population has declined both numerically and proportionately in relation to the total number of people in the U. S., the next Congress might have more urban pressure applied to reduce farm aid and possibly help industry to a larger degree. This would be especially true if business slumps which it has shown some signs of doing, and it might be that other groups might seek some form of subsidization more in line with agriculture. Categorically, farm aid can be divided into groups. 1) programs predominantly for the benefit of farmers, and 2) programs having multiple benefits to the general public. Unfortunately too large a portion has been devoted to the first group as less overall good has been realized.

For fiscal 1960, which ended last June 30th, the first classification included $370 million for Soil Bank and acreage reserve. Price support payments totaled $4,632 million, made up of loans, commodity purchases, storage, transportation, interest and operating expenses from which $2.8 billion can be deducted representing the sale of various held products. Therefore, last year the net cost of the CCC price support program was set at more than $2.7 billion plus a few miscellaneous items totaling an additional $200 million. The second class includes programs having to do with bettering foreign relations and defense including over $1 billion spent to sell surplus goods overseas. Barter, famine relief and payments to the Veteran's Administration and Armed Services are also among these services.

The school lunch and other fund distribution plans accounted for about $325 million last year. R. E. A. and F. H. A. loans took almost $600 million, but are subject to repayment while the most worthwhile services of all have proven to be the cheapest. These include research, meat inspection and pest control as well as many other expenditures that aid farmers and preserve and conserve the rural lands of our country.

A cool front has pushed through much of the corn belt driving away the hot, humid air. A few rains were received in the central states but the southwest benefited to a greater degree with more than one inch in some spots. Of great importance will be the government crop report based on conditions as of September 1st to be released after the close of the market this afternoon, which will be especially significant so far as soybeans are concerned. It will compare with last month's official estimate of 548 million bu and the private report last week which was 562 million bu. Finally the amount of usage in the coming season will determine largely the price level of this commodity as we will carry over close to 30 million bu, which will be half as much as one year earlier representing a steady trend in increased consumption witnessed over the years.

The Southwestern Miller termed the overnight export business in wheat as enormous including a number of small parcels of red and soft wheat worked to the U.K. and the Continent. Since first-hand selling in the Southwest remains light prices continue firm and though our market responds slowly it has had a firm undertone and this might be the feature throughout much of the rest of the year. Impoundings also should be well above last year partly reflecting a larger crop, but officials indicate that clearances for the season could establish a new record.

The visible supply Monday will compare with a decrease of 1.2 million bu in 1959, but will have four new terminals that were not included a year ago. Primary receipts at almost 2 million bu were slightly larger than both last week and last year. Broomhall reports wheat and flour shipments since July 1st, 79 million vs 77.5 million a year ago, and corn exports since October 1st at 186.5 compared with 197.5 in the comparable period in 1959.

During the morning soybeans tightened and though processors were on both sides of the market, on balance they were buyers probably for the purpose of providing some price protection in case the government report is bullish. The products also were somewhat improved, particularly the oil, and grains had a firm undertone. Wheat responded to the export business and nearby corn gained on deferred months as the spot demand has been strong and old crop cereal is historically worth a premium over new crop. The mid-day forecast indicated a few showers in the southern portion of the corn belt over the weekend, with temperatures generally in the 70's which is about normal for this time of the year.

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CHICAGO, 4 September 12, 1960

After the close of the market on Friday, the Crop Reporting Board gave its estimates as of September 1st, and while there were some individual exceptions, they foretold of a record total production, as most major crops registered gains during the past month. The corn yield was cut considerably from last season but total feedgrain tonnage now looks to be only about 2% below last year, as sorghum prospects increased substantially during August, and corn, oats, and barley showed modest increases. The late rains during July and August boosted corn prospects in the Southwest, particularly on the later plantings and the likely crop of 4.2 billion bu is about 4% below the record production of a year ago. Most attention centered on soybeans because a differential of 15 to 20 million bu would be very important for a commodity in which the usage is high and the carryover reserve seldom is more than the equivalent of a month's crushings. Last year, of course, was an exception as we had a reserve stock of about 62 million bu. Hot weather during the latter part of last month and the early part of September in the main producing areas pushed the crop toward maturity, which in turn reduced the hazard of freeze damage, but on the other hand dwindling moisture supplies still pose a threat to optimum development. Nevertheless, there was an increase of about 18 million bu over the August figure, and we now have a promise of a 566 million-bu crop, which if realized would be 5% above last year but about 2% below the record 1958 yield.

Altogether the trade had expected a smaller figure. It was not surprising, therefore, that we had a decline of about 2¢ per bu when the market opened this morning, and there are still some traders who feel that possibly some of the drought damage may not be reflected in this latest estimate. The indicated yield of 24 bu per acre moved up to last year's figure, which was the second highest of record and is nearly 3 bu above average. It is a fact that soybeans are still less advanced than both last year and average but have made sufficient gains during August to lessen potential danger for the balance of the season. For example, in Ohio, a record high yield is expected, and the crop in that state is only a few days behind normal, with pods set in practically all areas and leaves turning in about one-sixth of the fields. In Illinois, which is the leading bean producing state, the yield per acre was unchanged from the previous month. The crop remains about a week to ten days later than normal and by September 1st more than half the acreage was turning yellow, 20% was actually yellow, and 10% was shedding leaves.

The report made no change for the winter wheat crop, and as a matter of fact, there will not be any revisions until the December figures are published. However, spring wheat production of 251 million bu was an increase of nearly 6 million from the August figure, and all told we should raise a wheat crop (including winter and spring) of 1,368 million bu, which is 21% more than last year and 25% more than average.

Chicago stocks of wheat showed a very small decrease during the week still leaving 15 1/4 million bu here. There was virtually no change in corn, and bean stocks increased 52,000 with 2 1/4 million bu in our market.

With the exception of beans which fluctuated rather widely, but mostly on the down side, our markets were rather uninteresting. There were slight declines in wheat although the September future is gaining a little on December and we figure it costs only about 7¢ per bushel with all charges to carry wheat from now until the next delivery month. Flour sales showed no improvement, and there was hardly any export business reported today. Argentine exporters have virtually withdrawn from the market. The wheat acreage is the smallest in that country in years, and the April drought followed by dry weather in May was very unfavorable for seeding. Even Argentine corn is being offered sparingly. The weather in Europe has been changeable, and at the moment the crop outlook is a little more favorable although on Friday Broomhall claimed that rain was falling again in some parts of Britain while elsewhere it was clear and sunny. Millers will need to import more high-grade milling wheat this season, while purchases of feed grains may be reduced due to the large supply of low-grade wheat and rye harvested in Europe this summer. The selling in beans found little support and buyers are a little more timid now that the government figure is known. On the other hand we are going to have a year of heavy usage with big exports more than likely, and for that reason we feel that purchases can be made on setbacks.

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CHICAGO, 4September 13, 1960

There are fewer plus signs evident now, indicating our economy could slip from its present plateau. Consumer spending has reached record proportions, and will continue at a good rate as long as employment and incomes expand. Since many families now are attempting more vigorous saving plans, there has been a slight contraction of indebtedness. While some segments showed marked improvement in sales as for example, automobiles, profit ratios have dwindled as in this industry costs have increased and more small cars which sell for less have been produced. Steel sales compare favorably with last year when there was a prolonged strike, but considering the nation as a whole our gross national production has reached a record peak which means it would be difficult under any circumstances to continue the advance without some leveling or even corrective setbacks, so no visible signs of new sustained strength are on the immediate horizon.

On the other hand, some important factors lead us to believe that the long range outlook very definitely is for further growth. The population of this country, like the entire world, is increasing at an unprecedented pace. Since the end of World War II, a pattern has been established and statisticians believe that our present number of 180 million persons in the United States could increase to 260 million people by 1980, and 380 million by the turn of the century if the present rate is maintained. At the same time politics must be reckoned with, not only domestically, but throughout the entire world. We have come to realize that the key to peace is the prevention of war, and this has become the biggest single task of our government. Since 1945 the U.S. has spent $79 billion for foreign aid alone, and this figure tends to expand as the necessity for national defense in conjunction with the halting of Communistic aggression might well be an important feature to our way of life for many years to come. It is consequently more difficult to predict economic trends and cycles as they presently have little foundation on past history and events as never before have similar conditions existed.

The weather has turned quite cool in the corn belt, but no indications of frosts are in the immediate offing. A private report indicated some setbacks might have been incurred in the soybean belt of Illinois, and generally they talk of uneven yields for both these crops. In the meantime the government figure must be used as a guide, and much of the entire soybean harvest could be well under way in the next two or three weeks. With the crop about to move, it might be expected that prices could be under harvest pressure, and though we feel usage again will be large in the forthcoming season, there is no urgency to buy. Corn has traded in a narrow range but the advent of another large crop indicates somewhat lower prices for this grain. The corn-hog ratio as of September 10th was 13.8, a little improved over last week, and quite a little better than the 11.2 of a year ago.

Export sales of wheat have been large, and some flour business has been reported, including scattered amounts of red wheat sold to European countries and the U.K. Cash grain in the Southwest has been offered sparingly with demand rather steady. As flax threshing nears completion in our Northwest, a private report indicates yields were somewhat better than expected in late July. The Argentine received a much needed rain over the week-end, and France will have an exportable surplus of wheat about a million tons less than last season.

Free stocks of wheat in Chicago decreased 27,000 bu last week leaving 15 1/4 million. Free corn supplies were almost unchanged, and are in excess of 3 million bu. The visible supply of wheat increased 180,000. The nearby month of this cereal gained on the deferred, but all futures were higher, and as a matter of fact March equaled its crop high with export buying featured.

Soybeans were firm and reports from various states agree with the earlier mentioned remarks that yields for this commodity were affected in many areas by the extreme heat during the first 10 days of the month. The mid-day forecast indicates practically no precipitation, but temperatures will gradually rise over the Southwest and corn belt in the next day or two. Activity is on the quiet side with soybeans in particular very sensitive to daily crop advices, and this tends to create a certain amount of nervousness on the part of traders. Nearby oats also improved but supplies in Chicago are more than 8 million bu, which means that carrying charges might well predominate during the season unless an export demand develops. There is little news in rye but prices have improved recently.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4

September 14, 1960

When a housewife goes to a Super Market today she fills her basket not only with foods but very normally buys her household supplies, cigarettes, toilet articles, and other nonfood items as a matter of convenience, and in some cases because of price benefits. One may easily conclude that when we make present-day comparisons as to what the food bills are, they are not really accurate as opposed to the times when grocery stores and butcher shops merely sold items for human consumption. A study by home economists at Purdue University showed that nonfoods made up an average of almost 20% of consumer purchases in food markets. In spite of this we find that the average American spends only about 20% of his income for food. In Korea and Ghana, where food stores are more specialized, and farmers are less efficient, a citizen must spend 57% of his income for food; in Honduras and Ceylon, 50%; Ecuador, 49%; Australia, Denmark, and Belgium about 30%.

During the years our eating habits have greatly improved, and sometimes we forget that in comparison with the five years before World War II, when per capita consumption of meat was only 127 lbs. annually, it has risen to 160.1 lbs. The poultry consumption increased from 15.6 lbs to 34.8 lbs, and dairy products increased from 393 lbs to 428 lbs. There are millions of people in some nations who cannot afford a diet that is high in animal proteins. They eat the cereals instead of feeding them to animals. Cereals constitute two-thirds of the diet of the peoples of Japan and India. Red meat and dairy products represent less than 4% of the Japanese diet and less than 2% of the Indian diet. In a country like China, which houses 25% of the world's population, and may in a score of years have nearly half, the eating habits are far worse. Man, woman, and child have not risen much beyond the "beast of burden" state. The sights one sees of the stresses, the strains, the unbelievable extent to which a human frame can be abused, leave one almost physically ill. Yet the lot of these people is better than it was, and it is still improving.

Hurricane Donna has finally dissipated its force, but with heavy damage. Thirty-two counties in Florida have been designated by USDA for emergency loans. Farmers suffered heavy losses from damage to citrus, avocado, and vegetable crops. Hurricanes each year take an enormous toll, although nothing like the damage from fires, which last year in the U.S. and Canada destroyed nearly $1.4 billion worth of property.

Early today there was a report that Japan had bought half a million bu of wheat overnight for December shipment, including hard and white varieties. There seems to be no discernible increase in farm selling Southwest, so that offerings from first hands continue very light. Broomhall's Foreign Crop Summary spoke of improved weather the past few days but previously, rain had taken further toll of crops that were still in the fields. Stacked grain deteriorated rapidly and most countries report a high percentage of wheat which will be suitable only for animals. In Western Germany weather has improved after a protracted wet spell but rye, as well as wheat, had been seriously damaged. There is considerable grain still in the fields. Australia is now talking of a possible record wheat outturn but, of course, the crop must still pass through the critical growing period. Conditions in Argentina have improved since the rains and are said to be mainly favorable for small grains and flaxseed, although subnormal conditions are reported in some important areas.

There was nothing much in the statistics today except that soybean exports for the week were sharply reduced to 373,000 bu, which was less than half as much as last year and considerably smaller than the weekly clearances heretofore. This brought some selling into the bean market in spite of some less optimistic reports that crops are not only late, but apparently do not have as good an outlook as was contained in the government figures. The official mid-day forecast was for some showers rather scattered, and the same was true for the 5-day outlook. In Illinois nearly 1/5 of the corn is reported matured compared with about half last year, which was then around average. Corn, however, was a shade lower. Wheat was barely firm and the September future lost a little ground on December. Oats were lower, and with the large stock here we look for widening carrying charges, believing that December can be sold against the purchase of May. Weather over Western Canada continues mostly favorable, and harvesting is progressing rapidly.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 September 15, 1960

There are a few persons, heads of state, who are causing much of the unrest in the world today. Led by Nikita Khrushchev of Russia, they are enroute to the United States for the dubious purpose of attempting to solve the problems of the newly independent Congolese nation. The Soviet leader and his beatnik colleague from Cuba have been told that outside of Manhattan Island, this country is off limits for reasons of security. We should be more bold and announce to the world that these men are not welcome to our land because they are threatening world stability and trying to crush anyone who gets in their way because they seek little more than personal glory and political power. They would undermine all people if they could, and they have cohorts in Egypt, Yugoslavia, Czechoslovakia, Rumania, Poland, Hungary, East Germany, and other countries where it is unlikely that any of these so-called leaders could ever win a free democratic election if such an event were allowed to take place.

A former Soviet naval officer said yesterday that Russian leaders would annihilate us in one minute if they were not afraid of retaliation, and their diplomatic behavior certainly is anything but reassuring. We live in a world of coexistence where on the one hand free governments play by the rules and their tactics are honorable, whereas the Communists are deceitful and always exploiting their own gains. They have attempted todiscredit us with our allies so we will lose our foreign bases, and they have been partly successful while experts reiterate that this network of bases poses our mainthreat to Russia, giving us instant retaliatory power and keeps the Kremlin from trying for a knock-out blow. We are told that these bases have always been Moscow's anathema, and are the possible deterrents to Soviet aggression, at least until ICBM's can fill the missile gap. While we have been poor salesmen, they propagandize with the U-2 incident, and Berlin. They shoot down our planes, threaten to put troops in the Congo, and infiltrate Latin American countries. The Russians have been willing to lose face in the U. N. if they can discredit us with our allies. We had better adopt a firm attitude and take our case to the people of the world, as regardless of moments of moderation, these Communists are our enemy and would destroy us in swift order if they could.

Rains fell in central and southern Illinois during the night, and reports of bean yields are in line with previous indications of conditions throughout the state. For example, in the Springfield vicinity early yields are less than last year whereas a field in the Bloomington sector reports a 35-bu per acre yield in line with last year. In practically no instance have we heard of yields better than last year despite the official national average, forecast of 24 bu per acre, which would be the same as 1959.

Some additional red wheat was sold for European destination, and the UAR took 20,000 tons of soft wheat with the likelihood that purchases might be larger. On the whole export business in this cereal has been quite large, and though outright buying of futures reflects only a small percentage, this could be a means of fairly continuous support in our market. Winter wheat planting is underway in the Southwest, and some rainfall has replenished badly needed topsoil moisture, Both Kansas and Nebraska are in need of further precipitation as surface soil has been dry.

Primary receipts of wheat amounted to 1.6 million bu which compares with 1.8 million last week and 1 1/2 million a year ago today. Kansas City and Minneapolis stocks had a net decrease of 463,000 bu so far this week.

The CCC continues selling corn with over 1 1/4 million bu reported sold by their Evanston office last week. The spot market holds steady and we are told that, when the strike is settled, fair amounts of this cereal that have been accumulated in river houses will move to our market; some shipments likely will be made as an offset. Despite the recent heavy clearances, wheat and flour exports as of the end of last week are about 91 million bu since July 1st, the same as for the like period a year ago. Corn exports this season are 10 million less than last year. Foreign sales of oats are behind last season's pace.

In quiet trading final prices were almost unchanged across the board and net gains and losses for the day in commodities were limited to 3/8¢. Though the products had a better undertone, a rally in beans did not hold. May corn recorded a crop low while March wheat established a season's high, but small deliveries are still circulating on September contracts.

UHLMANN GRAIN COMPANY

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CHICAGO, 4

September 16, 1960

If one would look at statistics alone in trying to analyze the wheat situation, it would, of course, present a very bearish picture. A total winter and spring wheat crop of 1,368 million bu, with a carruover reserve nearly as great, gives us a tremendous supply in view of the fact that domestic consumption is only about 610 to 625 million bu. However, we feel that our exports this season will be of near-record proportions, and one reason, of course, is that India if she takes close to 150 million bu will not only be our best customer by all odds, but will account for more than one-fourth of our total clearances. It is probably safe to figure that India will be a large importer for many years to come.

Before the first world war she was traditionally in the export column, but even when the population was smaller, the shipments were made at the expense of the people of India, who were on a very inadequate diet and in many instances were undernourished and underfed. With population increasing by nearly 8 million annually, it will take well over a million tons of additional foodgrains each year to satisfy minimum requirements. As we have pointed out in these letters, grain and rice comprise two-thirds of the Indian diet. There are more than 400 million inhabitants in that country today, and the population at the present rate of increase should reach 500 million by 1970. Their country is about two-fifths the size of ours, and even if their agriculture were more efficient, there might be difficulties in taking care of that many people. However, even with more than 70% of the people still peasant farmers living in more than 1/2 million small villages, they are having trouble bettering their agricultural and economic position. Freeing the farmers from the grip of centuries of tradition is a staggering task. An awakening is now taking place but poverty and illiteracy limit the pace of progress. The typical farm is a subsistence operation of about 3 acres, more likely than not split into widely scattered small plots. Technological advances and machinery to better suit modern farming are so far behind that anything like normal procedure as we know it is hampered by lack of trained personnel and adequate funds to do the work well.

India is now the world's largest tea exporter, and in pepper she is also a leading supplier of foreign markets, but we believe that it will be a score of years at least before grain production is of sufficient size to cut down the present heavy imports.

The Quaker Oats report this morning sized up the soybean crop, as did most other observers, calling attention to the fact that crop prospects did not appear to be up to last year's yield of 24 bu to the acre. Having come now from so many reliable sources, we must be prepared for lesser production unless the later fields turn out considerably better than the ones presently being harvested. Red wheat was exceptionally strong yesterday in the Central States and eastern markets, and while it may be some time yet (even if the strike is settled) before Chicago starts having its stocks drawn upon, we can see the possibility of less favorable carrying charges in the future. It now looks as though Australia might have a record wheat crop of about 230 million bu. A member of the Wheat Board in that country has boasted that his country was experiencing an excellent year for selling wheat, and that by the end of the season shipments might be in the neighborhood of 130 million bu, including flour.

Primary receipts of wheat were 1.8 million bu which was a little smaller than last week, but somewhat larger than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 590,000 bu. When the visible supply is posted on Monday, it will compare with a decrease of 96,000 bu last year, which did not reflect at that time the four new terminals that have since been added.

September corn and September beans were weaker than the balance of the list. This caused some unsettlement, but generally speaking declines ranged to fractions, and they were not important. The official mid-day forecast was for occasional rain in northern Illinois and the northern third of Indiana, also some light rain for eastern and central Iowa this afternoon, and scattered over the state tonight and Saturday. Elsewhere showers, if they occur, will probably be light. The Chicago elevator strike has not yet been settled and, of course, business here is slow as a result. There was some corn sold to Poland and some beans to the Continent.

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CHICAGO, 4 September 19, 1960

Only minor changes will now be reported in over-all crop production, but, regardless of what they might be, we know that 1960 has been another year of bumper returns. As a matter of fact, total production of all crops could be an all-time high as a result of a 21% increase in wheat and larger oilseed crops which will offset a small decline in feed grains. Nevertheless no shortages will exist in the latter category as a large carryover of feeds will be added to more than abundant output, despite a 6% reduction in the corn crop. The government will be the recipient of sizable accumulations once again as impounded grain will be added to their already burdensome stocks, which have and will tend to depress prices, particularly during the approaching harvest period. A friend writing from England tells us that the unusually wet weather has had the effect of enlarging European feedstuffs. Along with crops normally grown for feed, deterioration of wheat and barley will make available quantities of these grains for animal consumption, which will tend to curtail some of the demand for U. S. feeds.

Relief came to large sections of the Midwest that have been dry for some time as rains were abundant in many areas. The Weather Bureau's 30-day outlook calls for precipitation above normal in the eastern half of the nation, subnormal amounts west of the Continental Divide, with average moisture in between. CCC sales of soybeans have dropped to low ebb despite more than 7 million bu remaining in their stocks, mostly at Iowa points. Since October 1st, this source has sold 107 million bu of corn domestically, somewhat less than for the same period last year.

Officials in the U.S. Department of Agriculture think that prices of soybeans will average at least as high during the forthcoming season as they did during the past, but variations (or what we call fluctuations) will be greater than last year. A usual harvest time price drop to around the support level is thought likely, which on the basis of present values would mean that in some cases a decline of more than 10¢ a bushel might occur though this could be reflected partly in the cash basis. We doubt whether prices will sell that near the loan. The above would be true assuming the crop estimate of 566 million bu is verified, which would give us supplies about equal to the past two seasons, and assuming a crush in line with the past year, and exports at least as high as the 140 million bu expected for clearance during the season which will end this month, a price rise would be expected around the start of the new calendar year.

In the Southwest, where a tight holding policy has existed, more wheat was sold over the weekend in Oklahoma and Texas with the flow to the Gulf heavier than for some time, which would almost be necessary to meet the large export business currently being done. Further sales of both wheat and flour are in the offing, and in the Northwest farm selling has followed the southwestern pattern with producer offerings light while cash premiums are at their highest level since harvest began. There is no further news on the strike of elevator operators in Chicago, and we understand there is about a 7¢ an hour difference between the Union demand and warehousemen's offer.

Due to the strike, Chicago stocks of grains changed only minor amounts during the past week with wheat decreasing 173,000 to a total of 15 million bu. Corn supplies were practically unchanged and total 20.8 million bu. Oat supplies stayed the same at 8.2 million bu, and rye stocks amount to 2.9 million. Soybeans decreased 14,000 bu leaving 2.2 million. This commodity was somewhat lower earlier in the session, but support came in towards the end with some export buying featured. Some beans were sold to Japan and the Continent, and parcels of corn were worked to the U.K. and Europe. The American Soybean Association claims that southern Illinois yields, though variable, are disappointing in some cases. Harvesting on a full scale will not get underway before the end of the week even in southern states as the crop the country over is late. The September future of corn was a shade higher and Wednesday is the last day of trading in current months. The corn-hog ratio at 13.8 is unchanged from last week and improved over the 11.7 on this date in 1959.

The stock market had a rather sizable break, and the Dow Jones industrial averages sold at the $590 level, a new low for the year as the general business outlook is comparatively gloomy temporarily.

UHLMANN GRAIN COMPANY

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CHICAGO 4 September 20, 1960

Premier Khrushchev and his Communist satellites are roaming the Borough of Manhattan, and it is galling to most Americans that these men have the audacity to come here unwanted to use the U. N. for their propaganda to blast not only us, but all free nations. From the moment of their arrival, one could sense arrogance and contempt for our government. Mr. Khrushchev will talk and boast on our home ground under U. N. immunity, paid for with our own money. When they finish here they will leave for Cuba and Mexico to stir up more trouble. It all reminds us of a statement once made by Dr. E. Stanley Jones, which went on to say: "Men need nothing so much in these modern days as they need a working philosophy of life, an adequate way to live. Loosed from their moorings that have held life, many are now adrift. They have thrown overboard the chart, compass, steering wheel, and the consciousness of destination. They are free from everything except rocks and storms."

The sharp break in the stock market yesterday had very little influence on our commodity markets, and, indeed, there is very little relationship. We could find plenty of bearish features surrounding many of our grains but supporting policies have prevented wheat and corn primarily from selling as low as conditions warrant. The feed grain tonnage now looks to be only 2% below last year's total, and food grain production appears to be about one-fifth above last year; this is virtually assured as harvesting of wheat, the major food grain, has moved into the final stages in the northwest area. Spring wheat made a modest gain and should be over one-fifth larger than last year's small crop. Hay at 117.4 million tons is indicated to be 4% above last year's production, and pastures on September 1st averaged 81% of normal, which is three percentage points above a year earlier and seven points above the 10-year average.

The sorghum crop, in spite of some adverse weather and a late start in several states, should yield nearly 600 million bu, which if realized would be up 10% from the August 1st forecast and only 3% below the record crop of 1958. The bulk of this crop as usual is produced in Texas, Kansas, and Nebraska. It is well worth noting that the combination of sorghum and soybean production this year will amount to about 1,157 million bu. All this represents comparatively new production for it was only a few years ago that both soybeans and sorghum were little known insofar as American agriculture was concerned. During the past 30 years they have established a place for themselves equal in bushels to an average wheat crop, and certainly a yield far heavier than the amount of wheat that was raised just a few years ago. It is about 2 1/2 times as much in bushels and poundage as the Canadian wheat crop, which is one of the main agricultural contributions to Canada.

Primary receipts of wheat were a little heavier today at 2.4 million bu, which was larger than last week and compared with 1,561,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 236,000 bu. The visible supply of wheat was posted and showed a decrease of 2.1 million bu, but this still leaves 542.7 million in various positions, and is 100 million more than last season. The corn visible showed a moderate increase of 874,000 bu and beans declined by 769,000 bu. There is 7.1 million bu left in various markets which is somewhat more than a year ago.

Trade was not heavy and in wheat the volume has been extremely slow now for many days. Domestic flour business shows no signs of increasing. There had been some hope early today that the elevator strike would be settled, but we now understand that there will be at least a delay of a day before the unions vote. All corn futures sold at or near the season's lows, and with the bearish situation surrounding the feed grain markets, there is not much hope for any immediate change. What will happen tomorrow insofar as September corn is concerned cannot be easily foretold, but, if the strike is not settled, the nearby future might become a little stronger relative to more deferred months. There was some buying in beans today mainly for the reason that crop reports from Illinois are no more optimistic, and some people continue to dwell on the fact that the early harvesting returns show a poorer crop than was earlier indicated. It is figured that about 10% of the beans in this state have already been combined. The government has revised its soybean exports showing that since last October we have cleared 135.3 million bu, which is about 28 million larger than a year ago.

UHLMANN GRAIN COMPANY

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CHICAGO, 4 September 21, 1960

The wheat crops on the North American Continent are so large and the carryover reserve so vast that there is a great deal of complacency with the result that there has not been much speculative buying this season even though country selling has been very moderate and the government has suggested that U. S. exports might well be near a record high. It is true that impoundings may be somewhat disappointing, and we have been expecting a figure to be issued for the last few days, as generally the government publishes this data on about the 18th of the month. We could have the report at almost any time.

Hardly any attention seems to focus on the wheat situation in European countries, but to say that bad weather has prevailed there is certainly an understatement. In Britain wheat is lying out in the fields and is deteriorating rapidly, so that one gets the definite impression that even if better weather should follow, only about 50% of the crop will be suitable for milling. England, of course, is not too important by itself but the poverty of milling qualities is general through Western Europe, and conditions are equally bad in most countries of the Continent. There seems little doubt now that much more French wheat will be fed on farms than in previous years, reducing the exportable surplus to possibly 3/4 million tons. Holland, Belgium, and Germany, and to a smaller extent Scandinavia will obviously require more imports of milling wheat for mixing and replacing native wheats that will be diverted to animal feeding. All this, of course, could mean greatly expanded European imports, but by the same token there will be an unprecedented surplus of wheat for feed, and we heard, for example, that Eire may have an exportable surplus of 50,000 tons of feed wheat. Recent purchases of Australian wheat have already occurred in confirmation of what we have just stated. There can be little doubt that U. S. wheat will be bought in large quantities to replace English and other Western European wheat that will be in short supply. The quality of feed wheat, barley, oats, and in Germany, rye, which will have to be consumed on farms, will lead to heavy curtailments of imported feedstuffs. We also have to keep in mind that the root crop in Western Europe will be huge, and this is another bit of competition to the imports of feedstuffs. We have obtained this information from a reliable source in Britain and believe that it deserves attention.

Here at home generally favorable prospects for 1960 feed grain crops through early September practically assure another record supply for the coming season. Of course, feed grain consumption has increased and was reported at a record level in 1959-60. In the last five years domestic usage increased nearly 30% while exports have more than doubled.

The state reports spoke of corn maturing rapidly, and in Illinois the crop is only a week behind average. About 35% is mature against twice as much last season at this time. In Nebraska by the end of last week, the corn crop was about 15% mature, or close to average progress by September 17th. Late plantings of both corn and milo in east central and northern districts still require two to three weeks of frost-free weather to reach maturity. For Minnesota it was claimed that by last Saturday three-fifths of the corn crop was considered to be safe from serious frost damage. A good week to two weeks is needed to ripen most of the soybean crop.

Primary receipts of wheat were considerably smaller at 1.2 million bu. Kansas City and Minneapolis stocks show a total decrease of 346,000 bu so far this week.

There was some cold weather forecast for the Dakotas and Montana with frost likely, but this was not the reason for beans being strong. We think that the combination of good exports and the possibility of continued large crushings is bringing better buying into the market. On the other hand September beans were not in particularly good demand, and expired at a fairly large discount under November. Corn was very little changed for the active months. The Iowa report told of 3/4 of the crop being dented by last Monday evening while 45 to 50% was well dented and hard. Average dented for this date is about 90%. There was not much to guide the wheat market although futures were higher, and part of this could be attributed to the strength in September. CCC announced that starting October 1st and through May 31st of next year, soybeans would be sold at the market price but not less than 105% of the current county soybean support price plus 5¢ per bu plus carrying charges.

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CHICAGO, 4 September 22, 1960

After the close of the market yesterday, the long-awaited figures on impoundings were released by USDA showing that 252.4 million bu of wheat had been placed under price support loans and purchase agreements through August. The increase from the month before was more than 125 million bu, which compared with only 66.4 million a year ago. It should be realized, however, that this year's production figure was nearly 240 million bu greater. Therefore, some will say that the present loan figure is not particularly bullish. It should be remembered, however, that in many states such as Texas and Oklahoma, prices were at or above the loan level; consequently, farmers did not find it very advantageous to impound their grain. Furthermore, it will take time before impoundings on the Pacific Northwest or in the spring wheat area are fully felt. It should also be noted that the amount under support is heaviest in the four southwestern states of Kansas, Nebraska, Texas, and Oklahoma, and in these states there is more than 201 million bu involved, which does not leave a great deal for the rest of the country.

Even if we accept the present figures at their face value, which means 252 million bu under loan, and use the projected government figures of exports of 525 million bu and home usage of 610 million bu, we would come up with a total of 1,387 million bu, which is about 20 million bu more than we raised this season. As an offset not all of the wheat that is shipped abroad will come out of private stocks, and, indeed, a good part may be furnished from the government's supply. However, this should be more than made up by additional quantities which go into the loan between now and the end of January. Therefore, it is still safe to say that before another harvest we could have a rather close adjustment unless the price would be at a level to permit redemptions. In so many years, traders using figures of this sort are disappointed in the market action because it naturally takes time before our export shipments are fully realized, and by the same token the quantities used for domestic purposes are figured on a 12-month basis, and so to count on final disappearance figures is not safe until later in the season when we make much heavier inroads on the accumulated supply. We mention it all with the view of illustrating what could finally happen, but also, call attention to the fact that some new wheat is always harvested and sold during June, so that very often extreme tightness does not show up even if all the other factors involved work out according to expectations. For the time being we believe that country selling will remain relatively light and that exports will keep pace with the indicated forecasts. It would, therefore, not surprise us to see firmness in the market as we have suggested for some time.

The bean market should also be gauged by some of the same thoughts that are given for wheat. We doubt whether the amounts going under loan will be particularly heavy if the price stays up but on the other hand to rely too early on the total export shipments and the full year's crushings may bring some disappointment because here, too, it takes time for these factors to be resolved. However, we have been increasing the amount of disappearance very substantially during the last ten years. This accounts for the fact that a total supply of 600 million bu is not burdensome today, whereas it would have been extremely so a decade or more ago. It is often found that even when there is heavy farm selling early in the season, much of this is offset byprocessor buying, as the latter want to assure themselves of sufficient supplies, especially when they do not have large stocks in reserve. After the first heavy run of beans is over we might easily have a good advance in the market, and, therefore, advise purchases be made during periods of recession.

There was nothing much in statistics except that U.S. wheat and flour exports for the week were up to 8.6 million bu, and the total since July 1st is 103.4 million vs 95.3 million a year ago. Markets were generally draggy with some corn and oat futures going into low ground for the season although the selling was not heavy. In spite of previous announced plans, the CCC Evanston office sold more than a million bushels of corn domestically and 200,000 for export for the week ended September 16th. Flour business was generally slow as was export trade. Beans reacted after yesterday's advance, and the weather is not causing any apprehension as severe temperatures in the Northwest are unlikely except for a few isolated spots. The President's message before the U.N. had no special market influence.

UHLMANN GRAIN COMPANY

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[illegible] of 1,[illegible] million bu, which is [illegible] million bu more than [illegible]
[illegible] not all of the wheat that is shipped abroad will come out of [illegible]
[illegible] stocks, and, indeed, a good part may be [illegible]
However, it should be [illegible]
[illegible] between now and the end of [illegible]
[illegible] further [illegible]
[illegible] at a level to [illegible]
[illegible] in the market [illegible] it naturally [illegible]
before our export shipments are fully realized, [illegible]
[illegible] used for domestic purposes [illegible]
[illegible] disappearance [illegible]
[illegible] much heavier [illegible]
[illegible] what could [illegible] happen, [illegible]
[illegible] new wheat is [illegible]
[illegible] tightness does not [illegible]
[illegible] expectations. [illegible] the one [illegible]
[illegible] relatively [illegible]

[illegible] that are given [illegible] No doubt [illegible]
[illegible] be particularly [illegible]
[illegible] on the total export shipments [illegible]
[illegible] because [illegible]
[illegible] we have been increasing [illegible]
[illegible] last ten years. [illegible]
[illegible] is not [illegible]
[illegible] ago. [illegible]
[illegible] much of this [illegible] the latter were [illegible]
[illegible] of [illegible]
[illegible] After the first [illegible]
[illegible] in the market, and, furthermore, [illegible]
[illegible]

There was nothing much in [illegible] except that U.S. [illegible]
[illegible] for the week were up to [illegible] million [illegible]
[illegible] million vs 25.[illegible] million a year ago. [illegible]
[illegible] oat futures going [illegible]
[illegible] spite of previous announced plans, the [illegible]
[illegible] bu of corn domestically and 200,000 [illegible]
[illegible] Flour business was generally slow as was export
[illegible] after yesterday's advance, and the weather is not causing
[illegible] in the [illegible] except [illegible]
[illegible] no special [illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 23, 1960

From 1941 to 1959, the Canadian National Railway lost $653 million. During the same period the Canadian Pacific Railway made a profit of $669 million. How can two businesses, both in the $2 1/2 billion financial class, offering the same kind of services, operating from coast to coast in the same country, in competition with each other, have results so diametrically opposite? The answer to this question is that one is privately-owned, and the other is owned and operated by the government. The one in the latter category is the Canadian National and though slightly larger has been run by men of the highest integrity. Yet they are faced with red tape and the complexity of government operation, and the incentives present in its corporate counterpart are lacking in the policies of this federally run road. In other words, Socialism vs. Capitalism is at work under similar conditions with the former even at a slight advantage, as the Canadian government lays the ground rules. Under private enterprise, efficiency is a byword and there is a penalty for failure. For example, where service extends into unprofitable areas, one road maintains and the other discontinues operation. During the above-mentioned period of time, the profitably run Canadian Pacific has paid $340 million in taxes, which in effect have reduced losses incurred by the state-owned Canadian National. Management has been streamlined in the former company and successful experiments have been applied to the handling of freight because private incentive motivated the desire for profit. The public has benefitted and though the Canadian National has followed suit, these methods probably would not have been tried had there been no privately-owned railroad to institute them.

A pretty good analogy can be made from this discussion by the citizenry of the U. S. to observe, and it might guide our thinking when we talk of centralization of government insofar as agriculture, as well as other aspects of our economy, is concerned. It has been suggested that an income tax setup be arranged for the Canadian National Railway, as well as working capital, which once depleted would be cut off. That might be a grand pattern for our Commodity Credit Corporation to follow.

Rains have fallen in our Southwest overnight and are forecast rather generally for the corn and bean belts. The Quaker Oats' Summary talks less of yields than they have the past few weeks and go on to say that, despite the fact that soybeans are late, all of this crop and most of the corn crop will be safe from frost in about two weeks. Whereas harvest of beans generally gets underway the last week of September, it will not be until the first two weeks of October this year. From Illinois reports vary with some early-planted fields in the central part of the state, running from 10 to 15% better than last year. This compares with lower yields being reported in the northern part of the state. At any rate harvesting pressure might influence prices to the extent that purchases should be made on breaks. Harvesting of wheat is almost completed over the Canadian Plains but some sections have up to 50% of the flax still in the fields. Quality of grains is considered quite good.

Primary receipts of wheat amounted to 1.8 million bu, virtually unchanged from the same day last week and last year. Kansas City stocks of this cereal decreased 642,000 bu during the week, reflecting a good export demand. When the visible supply is posted Monday, it will compare with a decrease of more than 2.3 million bu in 1959, but does not reflect the 4 additional terminals.

Farm selling of wheat has shown no pick-up of consequence in the Southwest, and sales by elevators were limited also. It had been dry causing some concern by farmers over prospective winter wheat planting, but some moisture relief occurred. Brazil took 20,000 tons of red wheat from the U.S. in exchange for diamonds on a barter basis. Otherwise interest in this variety is temporarily slow.

Feed grains have been under further pressure and oats were lower today as the outlook for feed grains and oil crops improved substantially in the last month. It appears as though over-all crop prospects practically assure a new record farm output this year. Soybeans were lower as hedging appeared on a fair scale for the first time and processor selling was pronounced. Wheat was little changed but the nearby has shown a tendency to gain on deferred months. However, wheat stocks in Chicago should be ample in December. There is little news in rye or corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 26, 1960

We have heard a great deal lately about the farm problem, and luring each election year these matters are brought to the foreground, but in our pinion such difficulties will never be solved by passionate charges and counter-harges, nor by flagrant misrepresentation. Price supports have in many cases revented production shifts toward a balanced supply in terms of demand. When rtificially high prices encouraged uneconomic production, the result was intensiied as we had to grant heavy subsidies to dispose of these products in the export narket. In the final analysis inequalities must finally be resolved through honest ppraisal, frank and sincere discussion, and the adherence to sound economic rinciples, which are found primarily in the market place.

There is one thing that makes us very proud: namely, that food in his country is the safest, cleanest, and most wholesome in the world. We know hat there was considerable criticism just about a year ago when cranberries from ertain parts of the country were condemned because of cancer scare. Food safety s the one policy that the housewife never has to fear when she markets because the atest knowledge acquired by research is always applied to our system of inspection, vhich continues from farm to grocery store or market. For example, our meat and oultry inspection systems are the envy and models of the world. For more than alf a century, USDA has been responsible for the wholesome safety and proper dentification of red meats in interstate and foreign commerce. Every animal is nspected under veterinary medical supervision but by the same token inspectors ondemn and destroy nearly a million pounds of meat products every working day ither because of disease, spoilage, or contamination. This made it possible for nore than 4.7 billion pounds (ready-to-cook-weight) of poultry to be certified as vholesome by USDA inspectors in 1959, the first year in which this program was nandatory. Thus we have complete confidence in the food which appears in the narket place, and there is never need to be apprehensive that there is any danger n buying products that are offered for sale. More than 20 billion pounds of red neat are inspected and certified each year as being wholesome.

Before our market opened, we had reports of a considerable mount of moisture through the corn belt area. Temperatures will probably be a ew degrees below normal and more precipitation is likely by mid-week. There vere also some rains in the Southwest but heaviest at Hutchinson, where 2 inches ell, although elsewhere amounts were less, and in many places clear skies prevailed. Those who had traveled in the corn and bean belts over the week-end were mpressed by the fact that the soybean plants had shedded their leaves, and it should not be long before combining will be general over large territories. This plus the act that processors had made fairly large purchases gave us a weak market, and t is, of course, the time when supplies start accumulating on a heavy scale. The Census Bureau Report showed that the August crushings were 32 million bu, which was a little more than the month earlier, and compared with 29.6 million last year. Since last October, the total amounted to366 million bu vs. 373.7 million the season before. We look confidently toward another year of heavy disappearance, which includes large exports, and with the total supply about the same as it was 12 months ago, we think that after the early run of beans has been cared for, markets should gradually do better.

When the Chicago stocks were posted there were small declines for wheat, corn and rye. Oats showed a minor increase, barley was unchanged and beans declined 242,000 bu, leaving less than 2 million bu here. New York advised that the U.A.R. had taken 2 cargoes of hard wheat at the Gulf, a cargo of white wheat via the Pacific, and one cargo of East Coast white wheat out of Albany. Wheat futures were strong. In fact, two of them made new highs this morning while corn and oats were making seasonal lows. There was quite a little talk that in Illinois bean harvest was not coming up to expectations. This, however, had very little effect on the market which was being liquidated, and as near as we could tell there may have been about a million bushels hedged today. The hot weather has already caused some premature ripening of beans around Springfield, Illinois. Rye was higher and recently export subsidies have shown some improvement. USDA stated that flaxseed supplies in 1960-61 appear to be in fairly close balance with probable demand. Total supply of flaxseed is placed at 33 million bu compared with 37 million last year.

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CHICAGO, 4 September 27, 1960

The revolutionary head of the Cuban State was given the podium in the General Assembly of the U. N. yesterday, and he took advantage by demonstrating his oratorical ability for 4 1/2 hours. Much of his tirade was directed against the U. S., and this is a hard pill to swallow not only for American citizens, but for government officials as well. Cuba presents an enigma for our State Department because this island, in the category of a Latin American neighbor, has become a breeding ground for Communism and a threat to our age-old theories based on the Monroe Doctrine. Yet Cuba remains in first place as a market for U.S. agricultural exports in Latin America, taking $124 million worth of commodities in 1958-59. In combating Castro we have to be careful not to hurt the sensitive feelings of all Cubans, not to mention other Latin American countries who feel an ethnic kinship. The continuance of our Naval Base at Guantanomo is problematic because we cannot afford to lose this vital defense post for security reasons, while we simultaneously subscribe to national independence and political freedom for all countries.

U.S. imports from Cuba have included much of that country's sugar output, as well as fruits, tobacco, and other goods totaling $424 million last year, which if not sold abroad would seriously harm Cuba's economy. This is one of the tenderest international problems facing us today, and one which should be more factually understood by all Americans as the leader of this island has proved himself an irrational fanatic with a rather impressive following.

Weather is conducive for the maturing of corn and soybeans and the latter crop is about ready for the combine rather generally. There was practically no hedging this morning, as country purchases were light overnight, and the market had a firmer undertone at the start. Yield reports are a bit more satisfactory than earlier but it appears as though Illinois as a whole will yield less per acre than last year, while nationally acreage has been increased over 1959, and there are some who feel the next government report could show a larger bushel figure than the 566 million bu officially estimated, based on September 1st conditions. They are in the minority. Even so, over-all supplies, including a carryover of around 25 million bu, which now seems realistic, should be close to total stocks on hand at the start of the past two seasons. With the trend towards increased usage, there seems little risk in the purchase of this commodity around present levels.

The main feature to the strength in wheat prices is the large export volume, which maintains a healthy pace, and the demand for red wheat in the Central States and in eastern markets is being maintained. There is a good deal of speculation as to how much of this variety wheat presently stored in Chicago finally will be used. Prospects are promising, which could give us a firmer market as the season progresses, but it still appears as though local supplies will be plentiful in December. A principal concern is whether or not elevators will risk delivery at that time.

Soybean prices did not hold bulges and as a University of Illinois economist suggested even though over-all supplies October 1st might be around 590 million bu, a drop of about 5¢ to $1.95 a bu farm level could be possible. Later, however, this source thinks that a price rise will occur, especially if the next government report is smaller than the most recent indication.

During the week free stocks of wheat decreased 79,000 bu, leaving just under 15 million, of which 10 million is in deliverable position, and of this amount 7 1/2 million bu is red. Free corn supplies decreased 62,000 bu leaving ver 3 million bu. The visible supply of wheat decreased more than 4.5 million bu.

Except for corn, which eased again with the harvest season approaching, other grains were higher. Wheat continued its recent steady climb into new high ground, and oats made a rather impressive recovery. Since a rather large percentage of the visible supply of oats currently is located in Chicago, some of the demand may reach this market as the season progresses. In reality the supply of oats by itself is not burdensome, but when included in over-all feed grain supplies, paints a rather bearish picture. Rye, too, has recovered, and there is little pressure on this commodity as the crop is placed and the loan will be a factor if further declines occur.

Weakness in meal was offset by strength in oil.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 28, 1960

This year's wheat crop was estimated earlier in the month at 1,368 million bu. The carryover reserve was 1,313 million bu, and so it is obvious that we started with a total supply of 2,681 million bu. In view of the fact that our domestic consumption will not be much over 610 million bu, we must conclude that the amount of wheat available for export and next carryover is 2,071 million bu. If we clear 525 million bu, which would be an unusually large amount, we would end up next July with a reserve of 1,546 million bu. This, of course, would be the highest on record, and thus it is safe to say that wheat is our number one problem in agriculture. Anyone who believes or promises an overnight cure must be by nature an incredible optimist. We do not think that a situation of this kind can be treated by political means.

It is too bad that the grain trade is not more often consulted because for more than a century they solved the problem through supply and demand factors, with prices low in periods of high production, but never did we amass such surpluses as now exist. There are a good many reasons why it is not easy to legislate higher prices without bringing about these unwelcome results. Twenty years ago when the Agricultural Adjustment Act set a minimum national acreage allotment of 55 million acres, the wheat yields were less than 13 bu per planted acre. This year, according to the September report, indications are that we may raise 25.8 bu per harvested acre, or nearly twice as much. A normal wheat crop on the minimum acreage will produce 1.2 billion bu, or about 100 to 150 million bu more than total requirements at current support levels. Thus there is no chance of reversing the trend unless we change the program. The allotments were overplanted by more than 5 million acres in 1959 due to inadequacies in the control program.

We have tried every means known to export surpluses but even by granting subsidies, which have ranged from 55 to 75¢ per bu, this has failed. P.L. 480 since 1955 has programmed the export movement of about 1.5 billion bu wheat, which is certainly a good record. But in doing this we have accumulated not only more wheat at home, but additional foreign currencies abroad. During the current crop year we figure on shipping 525 million bu of wheat to foreign countries. This would compare with banner exports of 549 million bu in 1956-57. That was not only the largest quantity ever shipped by any country in one year, but it is almost as much as is consumed at home by every man, woman, and child. It was much more than the combined production of Australia and Argentina. Wheat is a universal grain and is grown in every country and in virtually every clime, including Siberia, with its unremitting cold. It can also be substituted for feed grains, as is the case in Europe this year. During the war around 275 million bu was used for industrial purposes, mostly for the manufacture of synthetic rubber, but this is no longer the case. We believe that the first step necessary is to realize that we cannot continue to stimulate excessive production by allowing artificially high prices to rule. Therefore, any promise of trying to secure parity income for the wheat farmers must in our opinion, to be realized, be in the form of a direct grant or subsidy to the producer rather than by trying to keep the price at an uneconomic level in the market place.

Primary receipts of wheat were 1 1/2 million bu which was a little more than last week, and twice as much as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 293,000 bu.

Domestic flour business was very slow again, but there is no pressure on our markets and there is some export business going on almost daily which gives encouragement to longs. December and March futures sold at season's highs. The soybean market attracted some attention late in the session because there had been practically no hedging early. Some territories are claiming very good yields. This is mainly around the Decatur area, but this may be offset by some of the poor yields elsewhere. For the moment we think it is safe to figure on the September government estimates. Corn remains about a week behind average, but in Illinois 60% of the crop is mature and safe from frost against 85% last year. In Iowa 60 to 65% of the crop is well dented and hard. Nebraska is further along with 95% in the dented stage, which is about usual for this date. A large part of the crop is safe from frost. European weather conditions are improved, but large quantities of wheat will not be fit for human consumption.

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CHICAGO, 4 September 29, 1960

The most recent pig crop report indicates a cyclical upswing in production in the coming year. Since hogs account for about 20 to 35% of the gross cash receipts in the corn belt, this is an important item insofar as midwestern farm income is concerned, especially since hog production is non-regulated and natural economic laws determine supply as well as values. Therefore, the pattern has been one of alternately high and low prices based on the number of animals, and since the corn-hog ratio has improved steadily over much of the past year, farmers are more eager to increase their stock in order to take advantage of relatively cheap feed, hoping for a continued high return for their animals when marketed. This pattern of hog cycles shows that price extremes tend to cure themselves. Since 1945, changes in production have alternated between 2 and 3 years duration, governed almost entirely by price movements. Formerly when feed grain output was not government controlled, hog production adjusted more promptly to the supply of feed, and, when corn prices were low, hog prices would be high and adjustments were naturally controlled by this mutual relationship. Corn prices no longer fluctuate widely as the government has adopted unsound programs stimulating output to the degree that burdensome reserves have driven values to a low level. Despite this, hog cycles persist, and it is a shame that feed grain controls are not eliminated because it seems logical that farm income could be maintained by allowing animal-feed cycle patterns to keep prices in line.

Hedging in soybeans has been slow to develop, but it looks as though the crop should move in volume beginning this weekend, weather premitting. The Minnesota State report says two-thirds of the corn is safe from frost though moisture content is still high, and will require from one to three weeks for this cereal to mature. In Missouri, dry conditions have lowered yield prospects for late soybeans over a majority of the state. Our market opened higher as soybean oil was strong with 96,000 tons allocated overnight.

A good demand continues for red wheat in the Central States and the East, and prices in those areas have moved in new high ground but are a shade lower in the South. Farm selling in the Southwest remains slack with prices at the season's peak, and in most cases producers seem determined to wait for the next tax year before placing their grain on the market. Since the start of the season Broomhall reports wheat and flour exports at 113.6 million vs. 101 million last year. Corn exports for the season will be a shade below the preceding year, and since July 1st oat clearances are running 6 million behind 1959. Despite earlier rumors to the contrary, the CCC continues selling corn, and we notice weekly sales reported by their Evanston Office have been running over a million bushels.

After a firm opening, most grains declined but wheat rallied on the close, and selling featured the activity in oats. The open interest in December still is quite large indicating the possibility of further liquidation between now and next tender date as local supplies are large. Less attention has been paid to corn of late with the market almost stagnant, but rallies are of a technical nature, and the pressure of the movement of this grain once harvesting begins could result in a further decline. The export outlook for U. S. feed grains does not appear particularly optimistic. It has now been confirmed that Spain bought over 4 million bu of red wheat for October shipment from the Atlantic, but, as this business had been anticipated, some profit taking occurred in our market during the latter half of the session after nearby months earlier registered crop highs.

Primary receipts of wheat totaled about the same as last week when they were 1.6 million bu, and were larger than a year ago when they were less than a million bu. Kansas City and Minneapolis stocks have decreased 459,000 bu so far this week.

Best indications are that the first run of soybeans are being sold and processors evidently are receiving good amounts of beans each day. In other words, small amounts thus far have gone into storage, and the Bloomington inspection department reported 270 cars of new beans so far. In this area yields exceed last year whereas in the Macon County section there is talk of smaller yields. Futures eased under hedge selling, and the oil, which had been so firm at the start, reacted. One source says it is their belief that many producers will attempt to forestall the marketing of their crop until the new tax year as the predominant holding tendency following the harvesting of the 1959 crop resulted in a good deal of first hand selling of beans in the present calendar year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 30, 1960

During the past seven years the value of our farm exports was the greatest for any seven-year period in history and amounted to $26.5 billion. Last year almost half the wheat production and nearly half the cotton production moved abroad. Probably no nation has ever been so generous with its abundance. Even though tensions in the world are great and seem to be rising continually with all the propaganda and alien ideologies to distort the image of America, it still is a fact that our nation is held in high esteem and great trust by millions of citizens in virtually every land. We are in a "cold war" with Communism in this conflict and it is to be hoped that our agriculture will be one of our greatest assets. The productivity of our farmers outclasses that of Russian farmers 4 or 5 to 1. The underdeveloped nations need our agricultural science and our food, and already in many cases we have put this effort to work, principally in a country like India, where formerly a million persons each year died of starvation. Of course, this might have been intensified with the colossal growth in population, had it not been for the fact that we are now supplying them with about 150 million bu of wheat annually. We have in this country the most advanced agricultural plants in all history. We have the most skillful and best equipped farmers in the world. For the first time in history we dare to think about overcoming man's ancient enemy "hunger" for many of the distressed areas where so many people are going to bed hungry each night. Our "Food for Peace" program has already made a great contribution toward improving the level of living in the Middle East, and certainly there must be many opportunities for opening new markets and enlarging present ones if we pursue the proper techniques.

Before our market opened this morning there was not too much to guide it. There had been some rains over parts of the corn and bean belts but altogether these were not very serious. Advices came to us from central Illinois that moisture had been rather light and that if the sun shone at all work would again continue this afternoon. At St. Louis the rains were not heavy enough to have any material effect. In other places it was thought that field work would be in full swing again by tomorrow. Fortunately, the 5-day forecast does not look for much rain anywhere, possibly up to one-tenth inch in northern Illinois and the northern third of Indiana, but elsewhere clearing conditions are expected.

According to the Santa Fe Report, which we received this morning, rains during the summer of 1960 have followed much the same pattern with moisture supplies which are claimed to be adequate or in excess over much of eastern New Mexico, the Texas Panhandle, through central Oklahoma, and south central Kansas. The mountain areas, extending to Colorado, have had much less than normal rainfall since early July. This has resulted in poor prospects for nonirrigated sorghums and other spring-planted crops in the dry areas, but in most sections of the country there is no serious apprehension, although lack of moisture has delayed the preparation of land for planting the 1961 wheat crop in many counties through western Kansas. These farmers are still hoping for rains to bring the planted wheat up to a stand. Elsewhere in the state moisture is generally adequate and good stands are being secured.

Primary receipts of wheat were quite heavy at 1.8 million bu, a little more than last week and compared with somewhat over 1 million bu last year. Kansas City and Minneapolis stocks show a total decrease of 678,000 bu. When the visible supply is posted on Monday, it will compare with last year's shrinkage of 1.8 million bu.

Trade was rather light. Formosa bought about 2 cargoes of Pacific Coast white wheat and 2 1/2 cargoes of hard wheat at the Gulf, but this did not stimulate much buying here and actually prices showed some decline. Grain stocks in the four principal exporting countries were at a new high last July according to preliminary estimates of F.A.S. This is the 8th consecutive year of record supplies. Beans were inclined to be a little weaker, but there was no real pressure and in southern Illinois the movement is about completed. We still think that later on prices could do considerably better if the figures of crushings and large exports are confirmed. Corn did very little and we do not expect it to do much with the bearish feed grain situation. Oat prices were firm but there was not any news. Soybean meal was quite weak and this brought some discouragement to longs in beans.

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CHICAGO, 4

October 3, 1960

Despite the speeches in the United Nations, Soviet leaders do not want disarmament because they are waging an economic war and would like us to spend ourselves into insolvency. Under current circumstances, our government has found it difficult to balance the budget, so that if a real emergency were to develop, we might find it necessary to adopt a tax on capital. The public has become almost passive in its attitude, and there is entirely too much waste. Many appropriations by the federal government are not necessary, and we have seen that they cannot legislate on a local level by authorizing money for schools and highways without specifically knowing where these funds are actually going. In reality we only fool ourselves when we permit government spending because after all it is the taxpayers' money and the real evil is that confiscatory taxation destroys initiative. We have discussed this country's loss of gold, and the seriousness of this situation can be measured in the decrease of confidence by other countries that have looked upon us as the "world bank."

During the past decade total federal taxes have increased annually from $36.5 to $78.6 billion. Included has been a rise from $2.8 to $5.1 billion per annum for agriculture, while national security and defense requirements have risen 250% to almost $46 billion this past year. Interest on the public debt has increased from $5.7 to $9.3 billion. This rising trend cannot be checked unless we balance the budget and eliminate costly programs such as supports for agriculture, which should have been altered years ago. Already the next generation has been burdened with a huge interest-bearing national debt totalling $290 billion, which does not even comprise commitments for highways, schools, veterans, public works, housing, etc., adding up to $450 billion more. On top of this, huge amounts will be required for defense, welfare and commerce, as well as the growing space program and the cost of courting neutral and under-developed countries which will take additional billions in aid. Somehow it seems hard to believe that the average citizen wants such a load. Two items must be emphasized-- a strong defense and a strong economy, the latter including a sound currency. Possibly more intelligent programming would eliminate waste and allow individual initiative to handle more of the responsibility.

According to The Quaker Oats Co. most of the entire soybean crop is beyond danger of frost. However, yields are variable, and they indicate that the final report in December might show a downward revision. The quality of the crop is good and this source is of the opinion that possibly even last year's crop was somewhat overestimated. The Canadian official report issued Friday showed an increase in wheat to 490.5 million bu, which is almost up to the ten-year average. Oats also improved during the month, while flax conditions declined slightly. Nevertheless, 25.5 million bu of this commodity will be harvested versus the ten-year average of 16 million. A number of authorizations have been announced by USDA to finance the purchase of over $23 million worth of surplus cottonseed and/or soybean oil from the U. S. under P. L. 480.

From Springfield, Illinois north through the central part of the State, bean fields are from 50 to 60% harvested. Processors hedged fairly large amounts during the morning, but even so, the market made a fair gain for the day. Evidently poor weather on the Chinese Mainland hurt or destroyed as much as half their crop production which news contributed to the strength in our bean market. Corn picking is expanding with early yield reports quite good in central Illinois. As farmers finish their bean combining they will soon get on with their corn harvest.

Wheat stocks in Chicago including that which is afloat increased 241,000 bu to a total of 15.1 million bu. Corn showed a small decrease and oats showed a net decrease to under 8.2 million bu. There was little change in the rye stocks and locally beans increased 113,000 bu to over 2 million bu. Wheat futures were supported again as the demand for red wheat is strong and farmers continue to hold tightly to hard wheat throughout the Southwest. There is no particular export business at the moment, but the demand for flour is somewhat improved. The 30-day weather outlook is for precipitation above normal over the eastern one-third of the nation and less than normal over the western half. Broomhall states that much needed rain fell over much of the Argentine last week. Parity prices were unchanged as of September 15th.

UHLMANN GRAIN CO.

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CHICAGO, 4 October 4, 1960

The largest single item of expenditure on many farms in the U.S. is the cost of owning and operating farm machinery. Of 30 typical farm situations that were used as a criterion, machinery costs were more than 40% of total operating expenses, on three-fifths of the farms, and on some they made up nearly two-thirds of all operating expenses. It is, therefore, interesting to see how far we have come during the last half-century. In 1910, the value of farm horses and mules was $2.7 billion; machinery and equipment $1.3 billion, or a total value of both power and operating equipment of $4 billion. In 1959, the value of farm tractors alone had risen to $3.4 billion; other farm machinery, $8.2 billion; a total of $11.6 billion. If to this last figure were added the value of motortrucks, plus 40% of the value of automobiles (the usually ascribed business value of farmers' automobiles), the total inventory of farm power equipment in 1959 was nearly $16 billion. If we adjust the values of this equipment at different dates to offset changes in the value of the dollar, farm mechanical equipment increased in volume by 2.5 times in the 20 years between 1940 and 1960. During the same period the number of farmworkers declined sharply.

All this, of course, is only one of the contributing factors to modern agricultural strength and productivity, but, of course, it is one of the significant reasons that manpower on farms has been so largely released to other industries.

Before our market opened this morning, there was not too much to guide it. Weather was again satisfactory over all parts of Illinois. Beans have been anywhere from 50 to 75% combined, probably even a little heavier in the extreme southern portions. There was, nevertheless, an absence of hedge-type selling, and with both commission house and local buying the opening was quite firm. Canada again advises us that there is no sign of any business in feed grains, which is again a reflection of the European situation, with large quantities of wheat and rye that are unusable for food apparently going into animal consumption. India, which had been expected to buy large quantities here, came through on a commitment of 200,000 tons of hard wheat via the Gulf, and also bought 140,000 tons of West Coast white wheat. In some quarters it was believed that the Indian purchase might have been as high as 12 million bu, including hard and white varieties, and in addition to this Colombia bought 375,000 bu hard wheat for October-November shipment, but nevertheless, commercial trade in the pit was nowhere in keeping with these transactions, which can only lead to the belief that futures are not being used to the extent that they would be in a completely free market.

We had advices from Springfield, Illinois, to the effect that there was not much country selling of beans in that territory. Elevator bids were about $2.05 to $2.05 1/2, which figured back about $2 to the farmer. The same is true of Bloomington, while in Lincoln, Illinois, prices were a shade less, netting the producer $1.99 to $2.00, but apparently farmers were content to wait even in cases where about 75% of the crop had been harvested.

Wheat opened a shade higher with the December future making a season's record, and this was followed shortly by similar action in the March future.

Primary receipts of wheat were nearly 2 million bu which was slightly less than the week before, but compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 140,000 bu.

Trade was rather quiet, but we had the same pattern as heretofore with wheat and beans gaining ground. In fact, March wheat sold fractionally over $2.00 and beans without too much support made fairly good gains for the day. The weekly exports were a little less than 2 million bu, but for the season were slightly over 139 million bu, which was an increase of 27 million bu over the year before. We rather suspect that we are going into another year where further gains in shipments will be made. There was very little in the weekly weather and crop report except that satisfactory progress was reported for almost all states. In Illinois they claim that soybean combining is 47% completed, and in Ohio 29%. In Iowa a light frost, which was the first of the season, was mostly in low lands in northern and western districts, but no damage was reported. Each day, of course, makes the corn a little safer from frost, and not much attention is being directed to this factor. Feed grains accordingly had difficulty in registering gains even with the firmness in other pits. Meal and oil made gains.

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CHICAGO, 4 October 5, 1960

The much-awaited report issued by a private source was of particular interest to beans because of the fact that the crop had been spotty, and there were probably just as many people who were looking for a small increase as those who had been on the pessimistic side. When the figure was actually published this morning, it indicated production at about 556 million bu, which was a decrease of 10 million from the government September estimate. Apparently the reduction in yields resulted from dry, hot weather during the critical growing period of late August and early September, but in any case the yield as now given, with a probable carryover of about 30 million bu, makes a total supply of 586 million bu, which is somewhat smaller than we had for each of the past two years. In view of the fact that disappearance has been increasing each year it would appear as though we could have a closely adjusted situation one year hence. This brought some buying into the market, although there was also a little realizing by longs. The figure for Illinois shows a possible crop of 125 1/2 million bu, which is a cut of about 2 1/2 million from the official forecast of last month. Not much attention was paid to the slight increase in corn; the addition of 16 million bu is not important with the crop already so large, and we are now assured of the second biggest yield in history. There was also a slight increase in the spring wheat estimate of about 8 1/2 million over the government report, although Galvin did cut his own figure of August by about the same amount. There was no particular response to the oat figure of 1,253 million bu, although it compared with the government's estimate of 1,178 million, and the expert held to his previous view, which indicated a little more optimism than was officially expressed.

Wheat opened very little changed, and the December and March futures were at the season's best level. All this stems from the belief that even though supplies are enormous, there might be enough impounded and exported to create artificial tightness. The March future is already showing comparative strength over May, and in fact, December wheat has been narrowing its discount under the later months. Naturally there was no great interest today in the state bulletins although for Illinois it was reported that 70% of the corn was matured and that 90% was in or beyond the dent stage. Soybean combining was said to be approaching the halfway mark, while last year at this date, a little more than half had been harvested, and interruptions at that time were occasioned by showers. Generally at this period about 60% of the crop is combined.

There was no increase in the amount of wheat selling Southwest, although materially larger amounts of hard winters were offered by terminal and interior merchandisers. This heavier selling was apparently prompted not only by recent highs in price level both here and in Kansas City, but also, by the expanding movement of the new crop milo and soybeans.

According to Broomhall wet weather interrupted plowing of winter grains in a number of European countries, but the delays were not of serious proportions, and as a matter of fact rains helped maintain the favorable moisture situation. In France, a larger wheat acreage is expected, which may be at the expense of barley. It has been unsettled in Western Germany but soil conditions are good, although field work is lagging.

Primary receipts of wheat were smaller and amounted to only 961,000 bu, which compared with 1.5 million bu last week and 575,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 329,000 bu.

Trade was surprisingly small after the first hour. The flour business was of very small proportions and wheat prices reacted a little after the initial trades were made. The sale of 2 cargoes of hard wheat to Israel did not stir things up. In beans, prices did not hold. We had reports from downstate that the bids were about a cent higher than yesterday, but still country selling was very light, and the market has not been called upon to take many hedges thus far. On the other hand, any shortages that develop will not be apparent this early in the season. Some people are hesitant unless today's crop report is confirmed by the government, while others are not entirely certain that the disappearance will show a big increase over last year. Some corn futures made new lows for the season, but altogether trade was extremely dull.

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CHICAGO, 4 October 6, 1960

The market action in soybeans following yesterday's private report is difficult to explain as prices actually declined despite the fact that this estimate can be regarded as bullish. If the government forecast next Tuesday approximates this 556 million bu figure, we believe prices finally will move a good deal higher. Evidently the reduction in Galvin's estimate had been anticipated, but we doubt if anyone can more than guess at what the government figure might be, nor is there any degree of certainty as to what consumption will be in the next 12 months, but there are some encouraging signs. The export demand will be a key factor as crushing and seeding usage probably will be in line with the past two seasons. The USDA states that strong domestic and export demand for soybean oil will persist, and the demand for soybean meal should also increase domesticallysomewhat during the year, but might be offset by a decline in exports. So far farmers have attempted to store quite sizable amounts of their harvested beans even with net prices around $2.00. Of course, much of the acreage in Iowa, Minnesota, and northern Illinois remains to be combined so some additional pressure can be expected, which should, in the main, end after next week. A very important item will be the carryover as of October 1st, which the USDA maintains will be about 30 million bu. It may be so, but the CCC will own about 9 million bu, and it is difficult on basis of processor and farm stock figures to account for the balance. They also believe exports during the coming year will be the same as this season, leaving 25 million bu inthe reserve one year hence on basis of their September crop forecast of 566 million bu.

According to The Southwestern Miller, flour supplies in the Southwest are tight with the recent tremendous export bookings. Mill operations currently are at their peak even though domestic bakery trade has on the average made commitments for the next 120 days. Among some of the recent foreign business has been the sale of 2 million cwt of flour to the Commodity Stabilization Service, mostly for foreign, but also,for domestic, relief. Farm selling continues slack despite some thought that first-hand liquidation might have occurred in order to make room for soybeans and milo.

The nation's largest wheat-producing state, Kansas, reports 73% of the prospective 1961 crop has been seeded compared with 44% last year and 55% of normal by this date. Seeding in Oklahoma is about two-thirds completed,and soil conditions are quite good as rainfall in recent weeks has been adequate.

Less attention has been paid to corn with the market standing almost still. However, prices remain near bottom with the advent of harvest at hand. Iowa probably is behind Illinois with maturity, and it will be another week or two with good weather before the crop is ready for picking. Once this operation begins, prices might move somewhat lower. It is interesting to note that despite a slightly smaller feed grain crop and increased feedings during the past year, total feed supplies will be higher for the next season as reserve amounts in storage are of record proportion. The CCC still offers corn with almost 1 1/2 million sold domestically during the past week. Wheat and flour exports reported by Broomhall since July 1st totaled 131 million bu vs. 102.6 million a year ago, and for the crop year corn shipments were 208.2 million vs. 212.1 last year. Oat clearances are running behind last year's schedule, and rye about the same.

Primary receipts of wheat amounted to 1.9 million bu though St. Joseph did not report, and this compared with almost 1.7 million last week and under a million bushels a year ago. Kansas City and Minneapolis stocks decreased 587,000 bu so far this week.

Perhaps we can blame the World Series for the quiet markets this morning, but more logically it can be said that news was practically lacking. Price changes were minor with beans drifting lower. A report from Springfield, Illinois, talks of good yields but says country elevators think they will handle maybe 15 to 20% fewer beans this harvest in comparison with last year as farmers and elevators are storing as much of this commodity as possible. Some selling may occur when corn begins moving as there might not be enough room for both commodities.

Two cargoes of red wheat were sold to Poland. Hedge lifting in our market against export business continues, but some profit taking develops on strong spots. Oats, particularly December, declined and commercial interests were fair sellers of deferred months of corn.

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CHICAGO, 4 October 7, 1960

The importance of farm techniques is a well known subject that has even been a contributing factor to our agricultural problems. At present a hybrid corn seed is being tested which, if proven successful, might produce a new strain of corn bearing up to 10 ears per plant. Aside from the administrative problems involved, this country's farm revolution has very definite advantages for the public. Mostly consumers benefit as food and fiber improvements occur by those who produce, process, transport, store and distribute goods. Since 1925 the population has increased more than 50% yet food production has much more than kept pace. Not only is there more to eat, but new methods of canning, freezing, and dehydrating goods has permitted year-round supplies of perishable articles which means that farmers have been given new markets. The result is a healthier diet with less disease while at the same time better clothing and fabric production results through farm level technoligy. Agriculture has become a cog in our national diplomacy as exports are used for friendly nations, and American knowledge has been applied by farmers the world over.

Another realization of this farm advancement has been the rise in labor productivity. The manpower formerly required to grow the nation's crops is no onger needed, and these people are free to work at other jobs which helps increase the nation's industrial capacity in many areas. The average amount of human labor needed to produce a bushel of corn in 1910 was 75 minutes while by 1955 this was reduced to less than 14 minutes. From 1938 to 1958 the volume of food marketed rose 71% while the hours of labor required to market food went up only 17%. Without these advances in farming and marketing, some of the great industrial and commercial improvements during these years would have been slowed. Whereas in the Soviet Union about 50% of the population works the soil, less than 10% of the American people do the same work, and we are able to produce much more. As a matter of fact, American industry has moved to rural areas because this labor force is available, and many farmers even have time to engage in other jobs. The end result has been a more balanced economy with the prosperity of the country not dependent on any one segment alone. Thus the technological revolution of agriculture has added to the well being of all our people.

Fair weather prevails over the entire grain belt which will enable farmers to get on with their fieldwork. In the Southwest winter wheat is being planted while in the Midwest soybean combining continues. A large percentage of this commodity is going into store, but hedging volume is sizable enough to cause pressure on our market, and we doubt if much price change will occur until after next Tuesday's government report.

The U.A.R. is requesting tenders on its authorization for U. S. flour as well as 20,000 tons of red wheat. Some additional amounts of this variety were sold to the Continent in addition to the 2 cargoes bought yesterday by Poland. Hedge lifting early this morning appeared. Otherwise there was little news except that Foreign Crops and Markets again spoke of the deterioration of quality of crops of West Germany, which will reduce that country's import feed requirements. At the same time they probably will need greater amounts of top quality wheat.

The wheat primaries were between the 1.8 million bu of last week and the 931,000 bu of a year ago. Kansas City and Minneapolis stocks decreased over a million bushels so far this week. When the wheat visible is posted on Monday it will compare with a decrease of 2 1/2 million bu last year, not reflecting the four additional terminals.

Soybean oil was somewhat higher, offset by a slight decline in the meal, but beans were more influenced by hedging pressure which predominated throughout the morning. Some word of caution might be mentioned about the enlarging open interest in this commodity, and, though it was a good deal higher at its peak last year, we believe it will continue to expand for the time being with the crop moving and the public interested in the bean market. If statistics warrant, prices will advance, especially if the government reduces their estimate of soybeans next Tuesday, but, if they do not, some caution might be justified for the time being.

There was a fairly large wheat trade, but price changes were minor and, though corn registered crop lows, the decline was only fractional. Oats were again lower as Chicago stocks are large, and it may be some time before substantial inroads are made.

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CHICAGO, 4 October 10, 1960

One of the questions influencing new legislation is the trend towards commercialized farming. On Friday, we pointed out the benefits of technological improvements and the importance of this subject regarding the agricultural development and the entire economy. Aside from the farmer, the consumer is the main beneficiary. However, much concern has been expressed for the family farm, which still is characteristic of American agriculture. Actually it would require more than $100,000 to purchase a good and efficient commercial corn belt farm, including machinery necessary to operate it. If the proper equipment is not used then less than full advantage could result in unprofitable returns. As in most trades individual ability still accounts for the degree of success in working the land, and often grain grows better on one side of the fence than on the other simply because of greater personal skill. Probably the major factor that has contributed to the rise in farm real estate values has been the trend towards commercialization. For one reason equipment can be used over a greater area and farmers certainly are incentive-conscious and seek increased income by spreading their costs over a larger number of acres. In the year ending March 1960, 45% of all farm sales in the U.S. involved farms or tracts of land to be added to existing farms, and this percentage was even higher in the western corn belt.

Now the question is whether this pattern will continue and undoubtedly the type of farm program instituted will be a factor. After all incentives to enlarge personal acreage have been prompted principally by government supports, which in turn have led to surpluses. It is doubtful that family farms will pass from the scene; instead they more likely will grow to commercial status with the occasional hiring of outside help. Though it might be more difficult for young people to purchase this type farm, profits realized from the operation of them could grow and offer even more of an inducement.

Most of the soybeans in central Illinois have been combined as weather was perfect for harvesting almost everywhere over the week-end. Most points reported light selling but in Iowa farmers are just getting underway with combining, with prices to the producer in that state less than in Illinois. This could result in a holding tendency at the start. In the meantime the lack of hedging in our market encouraged a good deal of outside buying after the opening. Towards the end of this week, activity in corn picking might accelerate, especially if temperatures remain mild and skies are clear. For the 1959-60 season, soybean prices averaged somewhat lower in the principal markets reflecting lower price supports. It is interesting to note that values were lowest at the beginning of the crop year during October, and reached the high point the following month. They seesawed during the next eight months and in August stood near the season's high before starting their new crop adjustment. During this whole period that commodity sold generally above the season's low point. Of course, prices started at a lower level a year ago than they currently are.

Some additional small amounts of red wheat were sold and since July 1st inspections of this variety have totaled 11.9 million bu compared with 7 million the preceding year. We did, however, begin with a larger crop of red wheat. A slight increase in southwestern farm selling was noted over the week-end.

During the week wheat stocks decreased 486,000 bu leaving a total of 14 3/4 million bu in Chicago. Corn decreased slightly, but there is still 20.6 million bu stored locally, most of which is owned by the CCC. An increase of 264,000 bu of oats brings the Chicago total to 8.4 million bu. There was a small increase in rye supplies to almost 2.9 million bu, and bean stocks increased substantially, by an additional 2 1/2 million bu, giving us a total of over 4.6 million in this market. Receipts were again large this morning and should continue to build up during the harvest period. Decatur recorded the largest day's receipts thus far with almost a thousand cars of beans. Best prices in this commodity did not hold, but the reaction was more pronounced in the nearby month reflecting the build-up in local stocks. Corn prices improved somewhat but with the large crop about to be harvested, it does not appear as though sustained strength of any kind will develop, at least momentarily. The corn-hog ratio again increased to 16.2 vs 15.7 last week and 10.8 a year ago. Profit taking in wheat resulted in a slight easing of prices while rye on the other hand was firm.

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CHICAGO, 4 October 11, 1960

Nearly 10% of the citizens in the United States have what we can term poor diets. On the other hand, the average family in this country receives more than generous nutrition from the food they eat as their calorie intake is high. In many lands throughout the world, others are less fortunate, particularly in under-developed areas such as much of Asia where agricultural knowledge is ancient by comparison with our own. The average Asian has one all absorbing care, and that is to secure enough food. In most instances the land is there but the techniques applied to farming are not sufficient to provide the swelling masses with adequate diets. For this reason Communism more easily thrives as these people readily grasp for any political system that promises a better life, and the Socialist platform is built on promises.

For example, China has a growing threat with the increasing number of mouths to feed. At the present rate of increase their population is being enlarged by 12 million persons annually, and even with better agricultural tehniques, modern medicine, and public health improvements, the generally recognized safety valves for overgrowth, diseases and famine hardly suffice. By 1980 China's present population of 600 million might swell to over a billion persons, offering serious worldwide implications. The U.N. may worry about more than just admittance of the Chinese to this world organization. Experts tell us that the mere sending of food to Asian people is not enough. Practical help and instruction that can be better applied, as well as technical assistance, of which we hear officials speak would well serve the cause of all mankind if it were put to use quickly in order to teach these people to best use their facilities and help raise their economic level. Our Secretary of Agriculture has stated that Americans are fortunate in their present farm struggle in that the problem is one of too much rather than too little.

There is no way of judging the government crop report except that the private estimate issued last week showed a reduction for soybeans. Whether or not the government figure to be issued after the close of the market this afternoon will confirm this or not remains to be seen. In addition to production figures for this commodity and other grains, stocks on farms as of October 1st will be reported. This will give us a better idea as to the carryover of soybeans which will be announced October 24th.

Otherwise there is little news except that weather remains clear, and harvesting operations continue. A private report talks of dry top soil moisture conditions in the Dakotas while ground moisture in the southern half of Minnesota is described as fair to good. Even so, fall tillage appears slightly ahead of normal. The red wheat basis in the Central States was 1¢ higher, but mostly steady in other markets though farmers still are reluctant to offer their wheat in the Southwest. Elevators sold more freely there in order to make space for milo and soybeans. No foreign sales of size were announced overnight, but it is thought that at the present rate of clearances the U.S. might set a new record for exports by the end of this season, totaling possibly more than 550 million bu.

The visible supply of wheat showed a decrease of 3.3 million bu during the past week. Beans, of course, increased 7 1/4 million bu with harvesting in full swing. Chicago free wheat stocks decreased 486,000 bu leaving 14 3/4 million bu, and free supplies of corn had a small decrease leaving a little over 3 million bu in local elevators.

For comparison's sake, we note that stocks of soybeans on farms October 1, 1959 totaled 17.1 million bu of which 13 million was resealed. Since that time they have been taken over by the government and there is no reseal soybean plan this year. Market activity in this commodity was limited in anticipation of this afternoon's report though buying appeared near the close. Decatur receipts have fallen considerably to 222 cars. Meal was a shade higher and oil eased. Wheat prices were somewhat improved, particularly the deferred, and May recorded a crop high. December corn on the other hand made a crop low, and we can presume hedging pressure will appear in our market once farmers begin picking the cereal. Though the farm loan is lower than last year, the quality of the crop will be better unless adverse weather sets in the next couple of weeks. This means that this grain can be stored more easily though the CCC continues to sell and might do so for some time to come.

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CHICAGO, 4

October 12, 1960

The government crop report issued yesterday afternoon indicated production of 561,932,000 bu.soybeans, which is down 4.4 million bu from last month but higher than the 556 million bu estimated by Galvin in his private report. The USDA still looks for a carryover of 30 million bu, which would indicate usage the past year of 570 million bu. Exports for the year were slightly over 139 million bu, but this figure may be adjusted somewhat in a later report. The amount of soybeans crushed during the first eleven months of the crop year totaled 366 million bu, and if we assume a September crush of roughly 30 million bu, it brings the figure for the year to about 396 million bu. Taking these export and crushing figures and adding 35 million bu for seed and miscellaneous usage would bring the year's disappearance to 570 million bu, leaving a carryover of 30 million bu. This figure is as yet merely an estimate and will not be confirmed until the 24th of this month when we receive the government report on stocks in all positions. When we add to this year's crop the carryover of 30 million bu, which manypeople still believe is too high, we go into the new crop year with a supply of about 592 million bu of beans or somewhat smaller than each of the two previous years. If we use the same amount of beans in the coming year as we did last year, the carryover would again be lower and a rather close adjustment in supplies would result. There is also some support for the thought that oil demand will be such that the disappearance will be even greater than it was last year.

Stocks of soybeans on farms were 3.4 million bu, which is normal for this time of year and compares with the 1949-58 average of 2.6 million bu. Last year at this time stocks on farms were 17.1 million bu, but this included 13 million bu which were resealed under the loan program, and which we do not have this year. The government report showed little change in wheat production, increasing only durum wheat 500,000 bu to 36.1 million bu. Wheat stocks on farms were 555 million bu, an increase of 100 million bu from last year, which is not surprising considering that the crop is 20% larger.

Corn production was given at 4,258,511,000 bu, second only to last year's 4,361 million bu. Sorghum production was placed at 602.5 million bu, an increase of over 11 million bu. The government did not give a new estimate on the production of other feed grains but taken altogether, we find ourselves faced with record supplies, as the slight decrease in corn and barley production from last year is more than offset by the increase in oats, rye, and sorghums.

Primary receipts of wheat were 1.6 million bu compared with 1 million last week and .7 million a year ago. Kansas City and Minneapolis stocks declined a total of 771,000 bu so far this week.

Broomhall reports that moderate to heavy rains received in a number of European countries are causing extensive flooding and forcing a delay in fieldwork. The considerable moisture in the U.K. has delayed plowing and planting, but is not yet serious, and farmers in France are generally waiting for drier soil before going back into the fields. Plowing and planting is making some progress in West Germany where the soil is generally satisfactory, and corn harvest is progressing in Italy where production is smaller than last year. The outlook for small grain crops in Argentina is much improved following substantial rains, and this moisture will also facilitate corn planting. The over-all wheat crop appears quite good in Australia despite somewhat spotty conditions.

State reports tell of favorable finishing weather for corn and sorghums in Kansas, Nebraska and Minnesota, where the moisture content is dropping rapidly enough so that harvesting will soon be general. The Kansas report also speaks of wheat seeding as pushing toward an unusually early completion. Overnight there were sales of 6 cargoes of No. 2 red wheat to Spain which was mostly covering previous sales to the Spanish government. It is reported that a little more farm selling is developing in the Southwest, but it is still at a slow rate and coming mostly from interior and terminal elevators who are eager to move wheat in order to make space for milo and soybeans.

The wheat market is still characterized by good sized hedge lifting on the part of exporters, and on the other hand profit taking offsetting this. There was some hedging in evidence in soybeans, but much lighter than in previous sessions. Export buying and short covering held the corn market firm. However, hedges continue to come into the market as the harvest movement expands.

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CHICAGO, 4

October 13, 1960

With most of the crops of 1960 either harvested or about to be brought in, we may easily conclude that total production is favorable for a record total, and even in the northern areas we went through the month of September with a frostless period. This permitted late crops to gain needed maturity, and for the first half of October, weather has been almost ideal for combining of beans and finishing up the corn crop so that high quality and dry corn should undoubtedly be realized. The total feed grain tonnage is now expected to be only slightly below last year's record. Almost every successive report has indicated better outturns for corn, and in Tuesday's report even the sorghum crop showed some improvement over the September figure. There has only been limited harvest of corn in the main belt, and up to now moisture content has been a little too high to permit volume pickingfor cribbing. Our food grain production surpassed last year's outturn by nearly one-fifth, insofar as wheat is concerned, and this, of course, is a major food grain cereal. The spring wheat production taken by itself is nearly one-fourth larger than last year's small crop, and the durum variety turned out particularly well.

Most attention at this time is being paid to soybeans. We had a period of hot, dry weather, which dimmed hopes in a few major producing states, but yet the over-all result was quite favorable, and this is particularly true when we go back for a period of 11 years only to find that at that time soybean production was about 210 million bu, while at present we are raising more than twice that much. It will be a little difficult togive the complete bean story until we get the carryover reserves. For the moment we know that the stocks of old crop soybeans that were on farms October 1st were down to about 3.4 million bu, which compared with last year's record high of 17.1 million bu, but last year 13 million bu was under reseal. Reverting for a moment to the wheat situation, the stocks on farms amount to 555 million bu which is 22% above this date a year ago, and 15% above the 10-year average. It is almost enough to take care of our domestic consumption including feed and seed. On the other hand, about 1/7 of the stocks on farms was under loan or purchase agreement from 1960 and prior years.

The corn crop is exceeding most earlier expectations, but it is well to remember that with the favorable ratio to feeding operations, we may again look to a year of heavy disappearance. During the July-September quarter it amounted to 870 million bu, which was the largest of record. The previous record disappearance occurred in the same quarter of 1959 when it amounted to 786 million bu. However, even this was big in comparison with the average of 601 million bu.

Soybean bids along the Illinois River were reduced 1¢ last night, and we also heardthat Ohio bids were lower but that some beans were booked in both locales. The selling for truck movement to Chicago is substantially less and practically absent in central Illinois, and as a result there was not too much hedging although the market did show a reactionary tendency after the opening. According to the reports we get, red wheat is maintaining a strong undertone in almost all markets. As for hard wheat, there was a slight pickup in farm selling in the Southwest although this did not bring much additional pressure. The overnight moisture was heavy in some areas, principally a 2 inch rain at Wichita, and 1 inch at Topeka, Kansas, but elsewhere precipitation was a good deal lighter.

Primary receipts of wheat were a little less than 1.4 million bu which compared with 1.9 million bu last week, and 905,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of a million bushels.

Trade was not particularly heavy, but wheat futures were rather firm and it is expected that some offers will be submitted later in the day on 3 cargoes of flour to the U.A.R. for overnight acceptance. There was some hedge selling, and at times rather prominently in our December corn, with the result that prices were lower. Several delivery months made new lows again for the season. There was also some local selling in beans on several occasions, and in any event the market sagged but there was otherwise no heavy pressure, and as a matter of fact the market was only fractionally down. It seems rather difficult to get much enthusiasm in feed grains with the bearish statistics surrounding the market. Meal prices were higher, and this might have had some effect on beans had it not been for the fact that there were some minor declines in oil. Rye was a little lower, mainly on selling by one commission house.

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CHICAGO 4 October 14, 1960

It is a fact that the American people spend more money each year to buy and operate automobiles than the total national income of Canada and Mexico combined. This would be a point of great interest to most of our citizens as a greater percent of the population owns and drives cars than in any country in the world. Automobile expenditures have climbed to a record level, but still take the same average share of disposable income, which last year figured about 5%. During 1960 industrial production has been virtually level by comparison although steel and auto output actually declined. This is somewhat misleading as sales will be close to the record year of 1955 when 7.1 million cars were produced. Since auto sales are among the most volatile factors in the economy, they can be used as a possible indicator to the future business outlook. We all know the impact of compacts, and that they have changed the earnings' statistics somewhat because of their smaller profit ratio. On the other hand, American manufacturers have been aided as the influx of foreign cars has abated reversing a 5-year trend.

The acceptance of small cars probably will continue for economic reasons including lower operating as well as initial cost. It is estimated that a typical compact takes 25% less steel, gets more miles per gallon of gas, and will cost about $40 less annually for repairs. Insurance and tax revenues are lower so it can be seen that the automobile industry plays a dominant role in our economy. The annual rate of family growth in the U.S. will rise to almost 1.2 million by 1970, and the number of families owning automobiles will rise above the present figure of 75%. Additionally many families own more than one car so that multiple ownership has accounted for the sale of some 600,000 cars per year. Since experts think it possible that the population might swell by 80 million persons in the next 20 years, automobile manufacturers can be optimistic over prospects.

The rains overnight were spotty but most of central Illinois did not receive any. A few showers fell in the Southwest but in no place should there be much interference in farm work. Export flour sales were heavy with the U.A.R. expected to take possibly more than 1 million cwts of flour. Their government also was a large wheat buyer including a fair quantity of red. Premiums on this latter mentioned variety are strong in most markets with the basis as much as a cent higher. Some hedge selling from southwestern sources, as well as profit taking, hasoffsetted the firm undertone of Chicago futures, but with the foreign business expected in the months ahead, it appears probable that support will be featured, at least until the new calendar year when possibly more farm selling will develop.

According to Foreign Crops and Markets, clearances of U.S. wheat to Asia during the July-August period totaled 45 1/2 million bu, quite a bit more than was exported to that area during the like period in 1959. India remains the largest taker though Pakistan enlarged their imports from this country by a sizable amount. Exports to Europe during this term dropped 20 million bu. Over-all wheat and flour shipments during the first quarter of the present season are expected to be approximately 25% above the 108 million bu exported during July-September 1959.

Primary receipts of wheat amounted to 1 1/2 million bu, about in line with last week, and compares with 996,000 a year ago today. Kansas City and Minneapolis stocks decreased 1.1 million bu during the week with rather large shipments from the former market. When the visible is posted Monday, it will compare with a decrease of almost 1 1/2 million bu in 1959.

Markets were again rather quiet except for a good deal of hedging which came into the soybean pit reflecting the current harvest. Prices were not much changed although carrying charges did widen, and Chicago continues to build up a stock of this commodity with receipts each day this week fairly large. Meal and oil reversed yesterday's trend with the latter product somewhat better supported while cash meal still sells at a discount. Our wheat market also was lower with the nearby losing ground, and the question of deliveries in December remains a mystery as in spite of the fact that Chicago stocks should be ample at that time if export demand for red wheat remains active, elevator interests may fear the possibility of losing title to their warehouse receipts. Feed grain prices reflect large supplies, and corn in particular has difficulty rallying and, as a matter of fact, some months registered crop lows.

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CHICAGO, 4

October 17, 1960

According to a U. N. report recently published, more than half the world's labor force is engaged in agriculture, probably no less than 530 million persons. It is quite amazing after reading these figures to find that in the U. S. there are today only 7 to 7 1/2 million farm workers out of a total population of 180 million persons. Through technological and mechanical developments, we have been gradually releasing people from farms to other industries. During World War I, we produced our farm commodities with 13 1/2 million workers; during World War II, with 10 1/2 million, and as just stated, we are accomplishing the job today with fewer people than ever. At the same time we are able to export larger quantities than have ever been shipped from this country, even with better and more nutritional diets at home. In spite of any political arguments to the contrary, we have the highest level of living that the world has ever seen. Our children are taller, healthier than we were at the same age; they have a longer life expectancy. One important reason is that modern farm production and marketing provide us with a basic requirement of good health, nutritious, wholesome food in adequate amounts for a balanced diet. We have developed into a nation in which one farmer is efficiently producing food for 24. But progress goes beyond this, for to get food from the one producer to the 24 consumers, we have also created a vast, efficient system of marketing, storing, transporting, processing, wholesaling, and retailing.

It is only to be hoped that artificial programs will not break down a marketing system that has contributed so much to our economy, whereby agriculture has advanced more in the past 50 years than in all the prior years of man's history. The total output of our farm commodities is one-third higher today than in World War II and nearly double that of World War I. There is probably no other field of economic endeavor in which the U.S. is so clearly the world leader as in agriculture, and no other civilization has ever been fed so well by so small a proportion of its people.

When our markets opened this morning beans were quite strong and this came in spite of satisfactory weather over the belt, which has now permitted a boost in soybean harvest in northern areas, and combining progress is thought to be ahead of a year ago in some places. We shall have to wait until next week to get figures on the carryover supply but on basis of 28 to 30 million bu a projection could be made showing a greatly reduced reserve one year hence.

The Canadian soybean crop is estimated at 6.3 million bu by DBS, which compares with 6.8 million bu last season. Chicago receipts over the week-end by truck, barge, and rail were about 2 million bu. Minneapolis advised that farmers were only selling about 50% of the harvest and storing the balance. Their work is about 60% completed. Price to farmers ranges from 6 to 10¢ above the loan depending on the area.

Broomhall advices spoke of improvement last week in the general moisture situation in Argentina because of good rains again received. Acreage to most crops is about similar to last season although the plantings of wheat will show a good reduction. Chances are that the final wheat outturn will be well below normal while surplus stocks should be extremely modest. The remaining surplus of both wheat and corn in that country is quite small. The general outlook in Australia continues good despite adverse conditions in some sections. There is, however, less talk of a probable record outturn, which had been predicted in some quarters just a few weeks ago.

Chicago wheat stocks declined 545,000 bu, leaving a little more than 14 million bu here including the quantity afloat. This indicates that there are already some demands on the red wheat stocks even outside of any export considerations. The bean stock locally increased 4 3/4 million bu to 9.4 million which does not include the large amounts received here today.

Best prices in beans were not quite maintained as there was some profit taking, but wheat held up pretty well even without much commercial business. Flour sales were extremely light. Corn futures went into new low ground, and oats were also weaker, particularly the nearbys which brought about a widening of the carrying charge. Rye was without much feature, but prices weakened. Meal was higher early in the session, but there were some reactions later in the day. The Chicago corn-hog ratio was reported at 16.4 vs 12.0 last year.

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CHICAGO, 4 October 18, 1960

The USDA has had the continuing aim of attempting to channel U.S. surplus grain into world markets in order to try and ease the oversupply situation at home. A certain amount of success has been attained, especially insofar as wheat is concerned, and this season might prove to be a record-setting year in exports of this cereal. We realize the degree to which officials extend their efforts when it becomes known that in 1959 out of 507 million bu shipped from our shores, only 134 million or 26 1/2% was sold for dollars. The balance was cleared under government programs, mostly P.L. 480, but also barter, donations, and the Marshall Plan which took a combined 60 million bu. Many experts think more of an effort should be directed toward making the recipients of this grain, as well as other foreign aid, more self-sufficient. Certainly it is costly for us to receive the currency of other lands in exchange for our agricultural products to be spent for economic and cultural improvements in those respective countries.

There is another effect stemming from our large wheat exports that has presented a serious problem. We compete with friendly nations in the disposal of surplus wheat, often taking markets that might have been competitively serviced by Canada, Australia and Argentina, etc. World shipments of wheat last year amounted to 1,280 million bu of which Canada contributed 278 million. As that country has a carryover of 536 million bu, her government is most concerned with world trade, and it should be noted that last season's sales by Canada were very little above their pre-war average while the U.S. has enlarged clearances about 3 1/2 fold versus the three decades leading up to World War II. As a matter of fact between 1935 and 1940 we shipped an average of only 75 million bu annually. Simultaneously other exporters have increased by smaller amounts their overseas sales so that by comparison the U.S. has pushed wheat into foreign channels in a manner with which our friends and neighbors find it difficult to compete. Of course, the Canadian wheat marketing system is much more socialized than our own with her Government Board regulating movements from farm to market, whether for domestic or foreign usage. However, the economy of that country could afford less than our own the policy of being so generous with their agricultural produce annually to many sections of the world.

Some hedge selling occurred in soybeans this morning, but was on a lighter scale than recent sessions, and friends in Iowa mention that combining activity has been at an extremely rapid pace so that much of the crop will be harvested in short order with current favorable weather conditions. Some extremely cold air will move down from Canada with a hard freeze expected in Minnesota, North Dakota, and parts of Nebraska and Iowa. This is rather seasonal and will aid in the maturing of corn. The pressure from harvesting of this cereal could cause lower prices, and it is also true that the government will have large stocks to dispose of in the months ahead. However, hog prices are very high in comparison with last year, indicating a favorable feed ratio, and disappearance during the next 12 months might set a new record.

Red wheat prices in the Central States continue strong though our market has reacted somewhat with profit taking featured the past week or so, and Chicago premiums for this variety are actually lower. Farm selling does not pick up but wheat offers persist from interior terminal elevators in the Southwest.

There were a number of statistics today including the visible supply of wheat which decreased 3 1/2 million bu. Chicago free stocks of this grain also declined by more than 1/2 million bu, leaving 14.2 in store locally. Free corn in Chicago decreased 686,000 bu leaving nearly 2.4 million. The soybean market, though a shade easier most of the morning, responded very little to the weekly exports which totaled less than 2 1/2 million bu, which compared with 3 1/2 million during the same week in 1959. This year's cumulative total is 1/2 million bu ahead of the comparable figure last season.

The major price move today occurred in new crop wheat futures which were more than a cent higher, and a good deal of backspreading appeared with the nearby month actually lower. Much of this evidently is profit taking. On the other hand a few people are talking about buying new crop months preliminary to the coming election as they feel that the political situation might lead to a farm program with a bullish market effect. Oats were under pressure. Some cars of new corn grading 21% moisture sold locally at 9¢ and 10¢ under December.

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CHICAGO, 4 October 19, 1960

Before we knew too much about dietetic and nutritional values, we used o measure our food mostly by caloric intake and even today many doctors prescribe a limited number of calories in order to guard one's weight. If we would base our values on considerations of this kind today, we admittedly are not the largest eaters n the world. For example, the Irish consume more calories in a day than anyone else. Each person absorbs 3,500 calories in a day's time. Denmark is the second ranking country with its people consuming 3,420 calories a day. Here in the U.S. our average food rate is measured at 3,300 calories, which is about in line with the U.K., Canada, Argentina, and Australia. At the present time every American spends about 21% of his income for food. However, if we were consuming the same kinds and quantities of food that we ate in 1935-39, or before World War II, we would spend only 15% of our 1959 income. This is rather indicative of the progress hat we have been making in our eating habits, and, for instance, each of us in the U.S. is consuming 160 lbs of meat instead of 127 lbs prewar, 34.8 lbs of poultry nstead of 15.6, and 428 lbs of dairy products instead of 393 lbs. Thus we are more discriminating in what we consume, and it is all made possible because of higher living standards and a prosperous economy. There are undoubtedly thousands of people who have become abstentious and at some time in their lives were too good to themselves, and are now following doctor's orders in curbing their appetities. Most insurancecompanies have called attention to the obese person who is more easily afflicted by heart ailments than the more slender one who eats less.

Cypress bought 375,000 bu red wheat for early November shipment and altogether there has been a good amount of soft wheat sold to various countries recently, although up to now supplies in the East have been cheaper and Chicago stocks have not been directly affected. Not much attention was paid to the Japanese purchase of hard and white wheat on the Pacific Coast where approximately 750,000 bu was involved.

There was a good deal of moisture overnight in the Southwest, which extended to Texas points. All this may only be regarded as beneficial for the winter wheat crop, which is getting off to a good start. We also had some rains in Illinois but prior to that corn had been drying rapidly and picking was said to be widespread. The moisture will, of course, cause some delays although more than 90% of the corn in this state is now safe from frost. Statewide about 15% has already been picked.

The United States, in its most sweeping action to date against the government of Fidel Castro, today banned exports of "most commodities" to Cuba.

According to Broomhall, figures on exports, which were late in being published, our total wheat shipments on this crop have risen to 138 million bu vs 105.5 million bu a year ago. Corn exports for the week were 2 1/4 million compared with only 560,000 bu last year. Rye seems to be going out slowly with only 1.6 million shipped since July 1st, or the same as last year, despite a much larger crop in 1960.

Primary receipts of wheat were a little over a million bushels which compared with 1 1/2 million last week and 951,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 270,000 bu.

We had rather strong markets in all pits. There was reiteration of the Department of Agriculture's interpretation of what the support prices might be if the Kennedy farm plan were invoked, this being on the supposition that he would be the victor in November. However, there were probably other reasons for the advance as in the case of corn there was considerable short covering. There was also some buying of oats on the theory that they have had a good decline and the farm price was low. We did note that there was good hedging in beans, but there is also the feeling that we have probably seen the heaviest amount of pressure. There was not too much commercial buying in wheat but that market was strong on the prospect of continued good export business which would include large quantities of red wheat. State reports were generally optimistic and in Nebraska about 8% of the corn has already been harvested. In Minnesota they have had excellent weather now for the second week in a row. However, the moisture content of both beans and corn remains high in many areas. Even rye, which has been neglected for several weeks, came in for a share of the gain. 35,000 bu were accepted under the government subsidy but, as stated previously, the total shipments so far this season have been somewhat disappointing.

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CHICAGO, 4 October 20, 1960

At present soybeans offer the most glamorous speculative appeal of all commodities because the supply situation presents the possibility of a close adjustment at season's end. As every market is two-sided, it might be interesting to draw an imaginary balance sheet and compare offsetting statistics and see what the possibilities could be during the coming months. Hedge-selling has eased with much of the crop harvested, though it seems apparent that many country elevators own soybeans hoping for better prices. When corn picking enlarges, some of these warehousemen may be forced to sell in order to make room for that grain. Since supplies of beans naturally are at their peak early in the season, commercial demands are more readily filled. Next Monday the carryover figure as of October 1st will be announced, and it is thought that the year-end reserve will show somewhere between 15 and 30 million bu with the latter figure the most recent official estimate. On the other hand, a lower amount is thought possible by some in the private trade and, if realized, would mean stocks for the current season somewhere in the neighborhood of 580 million bu.

Prices are more or less in line with the level of a year ago, and beans at country points are selling above the loan. Usage has enlarged annually and should be maintained this season at least at last year's level. Increased foreign oil demand would help push crushings above the 400 million bu mark with rising domestic meal usage mostly offsetting a slackening in overseas demand. Disappearance will depend on exports which again are expected to reach 140 million bu and maybe even more. A bull market base apparently is forming, but a word of caution should be expressed. The open interest is on the rise and fast approaching last year's record peak and, as the long side represents largely speculative interest, statistics if altered could create a change. Chicago stocks continue to increase and will approximate last season's peak of 14 million bu which means that carrying charges must be overcome by longs. The conversion ratio will again be an important factor as returns for products during the past year aided in holding down the prices of beans.

A hard frost was received over much of the corn belt, and this will hasten the maturity of that cereal. With clear skies this grain will dry readily and picking will gain momentum in the next week. Broomhall mentions improved weather conditions in Europe, and soil is favorable for germination although field work is behind schedule owing to almost constant rainfall. The same source states wheat and flour exports since July 1st were 149 million vs 110 million during the same period last year. In view of this, markets have been strong and, if this ratio is maintained, it is likely that wheat exports will reach an all-time high. Prospects for a smaller wheat crop in Argentina will furnish an exportable surplus of only 50 to 60 million bu, the major portion of which would be earmarked for Brazil, thus eliminating the Argentine as a competitor in other markets.

It might be mentioned that gold prices in London were quite strong this morning, creating a greater demand for U.S. gold. This, of course, is inflationary and has an effect on our economy which should be noted.

Markets were strong and gains in some instances were substantial. Wheat futures carried into new high ground as demand for soft wheat is still good. In the Southwest, elevators offer hard wheat in large quantities, but firsthand selling is light. Soybeans continued their rise with enthusiastic buying by processors as well as commission houses. The products, too, were higher but the question of whether the U.S. may raise the price of gold was denied by the Treasury Department. Surprisingly corn is at the highest level in some time even though the harvest is just getting underway, and we look for a good deal of pressure because the size of the crop is tremendous. On the other hand, crib space has been increased and keeping quality perhaps will be better than the 1959 crop which was forced on the market because of high moisture content. The one grain that did not share in today's rise is oats, and the open interest in December is sizable with Chicago stocks large enough to indicate fair deliveries in December. Best prices did not hold in corn and beans, but happily the volume seems to have been the largest in some time. Today is the final day of trade for October contracts.

Primary receipts of wheat totaled just over a million bushels compared with 1.4 million last week and 853,000 a year ago today. So far this week Kansas City and Minneapolis stocks have decreased 341,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO 4 October 21, 1960

Inflation fears brought about the largest one-day increase in the price of gold yesterday that the London market has ever witnessed in its history. However, the speculative bubble burst this morning after Treasury Secretary Robert B. Anderson stated that we would pursue a firm position to maintain the dollar at its existing gold parity. It is a fact that from the first of the year until the end of May, our monetary stock of gold was reduced by only $104 million. However, from June through September, the outflow of gold aggregated $655 million. Possibly it was a mistake to reduce our discount rate while the central banks of the leading countries of the free world remained substantially higher.

Buying or even hoarding of gold is by no means a new situation. We recall a quotation from Virgil, which said: "O infamous lust for gold, what has thou not taught mortal hearts to do!" Gold hoarding in India is as old as civilization itself. Therefore, ownership and local trading of the metal in that country have never been opposed by currency legislation, which since 1939 has been extremely strict in all other matters. Ownership and trading of gold have been permitted locally in Belgium since the end of World War II and in Argentina domestic trading of gold was internationally freed in October, 1955. Even in a small country like Afghanistan ownership of gold is legal, although domestic, export or import trading of the yellow metal is not allowed. At the beginning of 1959, sales of coins and bar gold at Paris were considered the largest in all existing markets of that metal. Then, of course, there is the large official London gold market where all nonresidents of the Sterling area may trade freely, and there are many other European markets, such as Zurich, Milan, Amsterdam, Frankfurt, Athens, and Istanbul, where large volume transactions take place. Here in the U.S. private holding of gold was disallowed when we raised the statutory price from $20.67 in January, 1934 to $35.00 an ounce. Production of this precious metal rose to its highest level in history in 1958, but the output still was not sufficient to provide enough gold for all the currencies that needed it badly. Private hoarding abroad by U.S. investors has gained in volume since 1958 by those who were fearful of further dollar devaluation. Some who waited patiently for an increase in the official gold price began to buy options of gold futures in London for one year's delivery.

Late yesterday, USDA furnished us with figures showing 324.2 million bu wheat under loan, as of September 30th. This was an increase of 72 million over the month earlier and 90 million more than last year at the same date. In view of the fact that our wheat crop was 240 million bu larger, there was no particular significance to the increase. Elsewhere impounding figures did not disclose anything very important. There is about 2 million bu rye tied up under support programs, which is double the amount of last year, but this, too, was not construed as bullish, as our crop was 9 1/2 million bu larger. Total wheat and flour shipments to-date are 149.2 million bu vs. 110.5 million last season. Corn exports are running well below last year due to heavy feed supplies, including low quality wheat in Europe.

Primary receipts of wheat amounted to 1.2 million bu which compared with 1.5 million last week and a little over a million bushels last year. Kansas City and Minneapolis stocks showed a large net increase of 3.8 million bu, but this was due to a large increase in the stock at Minneapolis where an elevator had become regular for storage. When the visible supply is posted on Monday, it will compare with a decrease last year of 2 1/2 million bu.

Trade was much smaller than yesterday, but after the first hour beans and wheat showed a good recovery, apparently indicating that they had not been influenced too much by inflationary factors. During the day there was some improvement in the price of gold at London. The price paid was $36 1/2 to $37 per fine ounce, and apparently speculators are still willing to pay a premium over our domestic level. Flour demand was probably a little better on the whole, particularly for family types. The meal and oil markets followed pretty closely the fluctuations in beans although there was some processor selling of both products. The spot corn price declined to the December level, but futures did not yield much ground in spite of some profit taking. The ICC has authorized railroads to increase grain rates 1%. Some red wheat was sold out of Chicago to an export position, but this may have been done in an effort to make space for beans and corn where chances for carrying charges are greater.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 24, 1960

Early this morning gold prices on the London Bullion Exchange moved up to the equivalent of $40.04 per ounce compared with Friday's close of $36.96. Though later quotations showed a rather sharp reaction, speculators seemed intent on trying to establish a higher level. The inflationary significance could be a market factor, especially as commodity values would be affected by any change. Our Treasury Department insists that there will be no raise in the American price of gold set at $35.00 per ounce in 1934, but we are approaching Election Day and there is the possibility that this might enlarge as an issue, thus intensifying the speculative appeal. Certainly this topic is one which deserves close observation.

Soybean crushings for the month of September amounted to 26.8 million bu, somewhat less than had been anticipated. For the season the number of beans converted into products totaled 392.2 million bu compared with 401.2 million during 1958-59, and when added to other usage indicates total disappearance of around 570 million bu. Supposedly we started the previous crop year with 600 million bu, which would leave a carryover of about 30 million bu, and this report will be issued officially after the close of the market today. In attempting to sum up stocks of beans in various positions, it seems difficult to believe that the reserve on October 1st was that large; however, we will have a more accurate picture of the supply situation in the coming season later in the day. In the meantime, harvest is drawing to a rapid close with most of the crop now gathered in Iowa and Minnesota. Though spotty in some sections, good yields have been reported and the quality of the crop is quite good. Evidently farmers have sold a larger percentage of beans than they did a year ago, with processors seemingly well supplied. As of October 19th, Decatur, Illinois, had received 8,106 carlots of this commodity compared with 7,989 by the same date in 1959.

Weather has been ideal for corn-picking with another hard frost in many areas overnight. Maturity will hasten gathering of this cereal. As a matter of fact, hedge-selling was prominent during the session this morning, so that this grain did not move higher in early trading, in sympathy with other markets. Wheat still has a firm undertone, with practically no selling by farmers and offers by elevators which had been more sizable are now reduced. Mills and elevators are still active with some fair amounts of flour moving into foreign channels, as well as some small lots of red wheat sold to Cyprus and Poland.

During the week Chicago stocks of wheat decreased 705,000 bu leaving a total of 13 1/2 million bu, of which a small part is afloat. Inroads into local supplies no doubt will continue as the mills will use a good part of this grain, and the export outlook is such that finally the Chicago basis might be in line with eastern and southern shipping points. Corn supplies decreased locally by 600,000 leaving 19 1/4 million bu, most of which is held by the CCC. From now on free stocks might be expected to enlarge with the harvest movement underway. Oat supplies, including amounts afloat, decreased 191,000 to 8.3 million bu. Rye stocks decreased moderately - 62,000 bu, and there is 2 3/4 million bu of this grain in our market. Bean supplies again increased, and we have almost 12 million bu now so that finally we should have close to the peak amount of 14 million bu stored here last season. Today's receipts totaled better than 1 million bu.

Markets maintained their strength in most instances, and strangely enough new crop wheat led the list. Evidently this rise in price is politically inspired owing to the fact that if the Democrats are successful on November 8th their farm program carries bullish implications. Soybeans lost much of their early gain with activity only slightly curtailed today due to the impending carryover report to be issued after the close, but statistics do favor the long side of the market, and even though adjustments are the rule, we prefer purchasing this commodity on breaks as in the final analysis supplies could be pretty well accounted for. Products were higher with oil getting the major portion of the support as the overseas demand outlook is quite good and crop highs were recorded. Oats were a shade higher, but this cereal, as well as other feed grains, is in surplus supply and has fewer friends. Corn in particular must absorb hedging before optimism returns. Rye declined as there is no urgency to purchase this grain and, as a matter of fact, the adequacy of local supplies might cause some widening in the carrying charges.

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CHICAGO 4

October 25, 1960

Secretary Benson spoke at a luncheon this noon in Brazil. He told the people of that country that he was happy that American capital had been able to assist their program of economic development. Our public and private investments and loans in Brazil amount to almost $2 1/2 billion. He pointed out that private capital, as always, can play a prominent role in investment but he warned that private capital will go only to the areas where it is welcome and where it will get fair treatment. In other words, arbitrary and primitive action against private enterprise naturally discourages private investment. There are some people who are beginning to question whether our foreign aid programs have gone too far, particularly since the outflow of U. S. gold has become so pronounced. Dr. Beckman predicted serious consequences if our international payments build up deficits at home, and he feels that the time has come to reconsider some of our policies in that respect. It would seem to us that the dollar surplus is an international problem, and can be satisfactorily solved only through international cooperation. Many of our real troubles have resulted from spending more abroad on defense, as well as economic and military aid, than we are earning through trade surplus. Under present conditions, we must insist that other nations, particularly those whose balance of payments show a considerable surplus, should share to an increasing extent with us in the defense of the free world against Communist aggression, and also in aid to undeveloped nations. Surely it is up to those countries that have already benefited from our liberal policies to start helping to solve the dollar surplus problem.

Before our market opened this morning traders reflected over the soybean report that had been issued after the close of the market yesterday. The carryover reserve was estimated at 23 million bu as of October 1st and although this was pretty much in line with expectations, it indicated a total supply of only 585 million bu, which was roughly 15 million less than for the previous two years. Therefore, it could easily bring about a close adjustment by the end of the crop year. Of course, it would take time to eat into our present reserve, particularly since beans have been selling above the loan and a good many of them have moved to market; up to the present time only comparatively small amounts have been impounded.

The USDA now estimates that the exports of soft red wheat will reach a figure of 59 million bu for the season. This is about 7 million bu more than they had figured earlier, and it will compare with last year's total shipments of 41 million bu. On this basis they expect the carryover reserve will be reduced to about 12 million bu vs. earlier estimates of 19 million and a reserve last season of 11 million bu. This might finally have a decided influence on carrying charges and might for the time being keep May wheat at a substantial premium over July. There is, of course, another factor that might influence this spread; namely, any political action with respect to next year's support prices which have already been established at a minimum level but which could be raised if Congressional action were taken. There was very little attention paid to the wheat figure showing stocks in all positions at 2,688 million bu, although it was 11% above the previous record in 1959. Everyone had expected an increase, as our crop last summer was 240 million bu larger and the carry-in stock on July 1st had reached record proportions, totaling 1,313 million bu.

Primary receipts of wheat were slightly less at 1 million bu. This compared with 1.2 million bu both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 263,000 bu. The visible supply went down 1.1 million bu to 524.6 million. This is still 93 million bu greater than a year ago.

Markets were much less active. Not much attention was paid to slightly lower gold prices in London. There was, however, some local selling in beans possibly due to a report that Manchuria was offering fair sized quantities for sale for November-December shipment. There was a little better flour demand but otherwise commercial business was rather slow. We had some profit taking in wheat and the new crop futures, which were so strong yesterday, reversed themselves to close lower. December and March rye made a season's low and oats are hovering around the lowest price of the year while corn was down fractionally. Weather seems to be about perfect. The domestic disappearance of corn this season set another record at 3,883 million bu compared with 3,530 million bu the year before.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 26, 1960

The next administration will be faced with farm problems more severe in some areas than ever before. The number one project should be wheat and stocks of this grain stored in all positions October 1st were the largest on record, amounting to 2, 350 million bu. Despite prospects of the largest exports for a single season, USDA forecasts we will add over 200 million bu to our carryover next July 1st, giving us a reserve of more than 1 1/2 billion bu. It is thought next summer's crop might be slightly less than the most recent one. However, planting is nearing completion in the Southwest under almost ideal soil conditions, and assuming normal yields next summer, the wheat carryover is expected to further enlarge by 1962. It certainly seems likely that intelligent programming will grow out of necessity and it is almost assured that some sort of production cutbacks will be part of any policy enacted. Nothing in this regard can be done before the 1962 crop because winter wheat will be planted before Inauguration Day, with the minimum loan for 1961 again set at last year's level of $1. 78; by law it only can be raised. Surprisingly, wheat prices generally are close to or above the effective support, reflecting both a tremendous export demand and increased loan entries, as well as the fact that producers withhold their grain.

The world wheat trade in 1960-61 probably will show a substantial increase over the previous season, as Western Europe and Asia will require larger amounts. Spain, Italy, and France harvested smaller crops than the year before. Despite a more sizeable production in parts of Asia, India and Pakistan will import greater totals than ever before. World wheat output for the present year is estimated at 8. 5 billion bu, 4% above 1959, and 3% below the 8. 7 billion-bu record of 1958.

Even though world rye production is 6% lower than a year ago, nevertheless, total output will be close to 1. 35 billion bu. This is a rather startling figure when we mention that production of this grain in North America is only 41 million bu, and all but 10 million bu of that was raised in the U.S. Europe, particularly the eastern half, is the largest producer and at the same time consumes a greater amount than any other section, except for Russia where output in 1959 amounted to roughly 600 million bu.

Some rains occurred over parts of the corn belt during the past 24 hours, which could temporarily delay corn-picking. In Iowa 10% of this cereal has been harvested, while in Illinois and Indiana between 25 and 35% has been gathered. 20% of the soybean crop remains to be combined in Iowa, while in Illinois, Indiana, and Minnesota most of this commodity has been taken in.

Two items of news affected our markets this morning. In the first instance soybean exports for the week ended October 21st rose above 3 million bu compared with 2. 6 million the comparable week in 1959. Since the season started October 1st, total shipments are almost 1 million bu ahead of a year ago. Demand for gold on the London Exchange slackened and in early trading prices reacted, reflecting somewhat the political situation of which foreign nations are keenly aware. It should also be mentioned that Spain purchased 900, 000 bu red wheat but this business had been in the working the past several days. Broomhall summarizes planting conditions in Europe, stating that good progress was made despite wet weather, which has forced interruptions. These rains, of course, provide the soil with necessary moisture and have aided in the germination of earlier planted wheat.

Wheat primaries totaled 1. 1 million bu vs. 1 million last week and 753, 000 a year ago. Kansas City and Minneapolis stocks decreased a total of 412, 000 bu so far this week.

Nearby wheat moved into new high ground as Spain purchased a good quantity of red wheat and is inquiring for more. A good deal of spreading took place with new crop months losing considerably on the old crop. Soybeans recovered following a lower opening, and prices most of the day were above last night's close. Meal, which has been weak, pretty much held its own, but oil again was very strong and during the past week has advanced approximately 1/2¢. Undoubtedly some deliveries of soybeans will be made on the November contract, and carrying charges have widened reflecting this possibility. On the other hand open interest in November is declining while deferred months show a large increase, and the combined open interest is now 183 million bu.

UHLMANN GRAIN CO.

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Wheat prices [illegible] a year ago [illegible]

Nearly [illegible] moved into new high ground [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 27, 1960

For centuries most currencies of the world were linked to gold because the yellow metal was more stable than any other and fluctuated less, so that gradually it became the one commodity in which everyone had confidence. We do not mean to imply that there was never devaluation because history will record where the Kings of England and France chipped some of the gold from the coins in order to build up personal wealth, and, indeed, there were many countries such as Germany and France which devalued their currencies, but this was generally due to reckless fiscal policies where budgets were not met. In the U.S. we had a long history of stability, and from June 28, 1834 until January 31, 1934, or a period of nearly 100 years, the price of gold was religiously held at $20.67 per troy ounce. When the change came those who had been enemies of the "old dollar" attributed to him the miseries occasioned by the World War and its aftermath. His successor, who immediately stepped into the breach, had not nearly the vitality nor strength of his predecessor because the "new dollar" contained only 15 5/21 grains of 9/10ths fine gold against 25.8 grains of the same fineness. It was evident then and cinfirmed since that he could not wield the same power or command or receive the same recognition as did his predecessor.

This may sound like a very technical dissertation but to the layman and to the housewife, its significance has been very marked: namely, all those articles that had been purchased have gone up in price. It is for this reason that most people are not anxious for another dose of inflation at the present time. About a week or so ago, the London gold market experienced an unprecedented boom. After fluctuating between $35.10 and $35.15 for six years, the price skyrocketed to $41.00 just a few days ago. Never before had dealers experienced such fantastic conditions, according to a letter just received from a friend in London. This created a great disparity in gold prices between the U.S. A. at $35.00 and in the London market at more than $40.00. Since then the U.S. Treasury Department has stood by its guns, still buying and selling gold at $35.00 per ounce. As a result we find that the London market has reacted, and this morning the price declined to $35.56. The chances are that if we pursue a responsible program with respect to our fiscal policies, we may be able to avoid a further change in the gold rate that would only bring chaos and dispair to those who have beenthrifty and who saved their pennies for old age. Certainly endowed institutions and persons with fixed incomes have much at stake.

During the past week, U.S. shipments of wheat and flour were tremendous and amounted to 12.8 million bu, which brings the season's total to 166 million vs. 123.7 million a year ago. It is because of the large exports, and particularly the amount of red wheat that may be cleared, that we take a friendly attitude to the wheat market, principally to nearby crop months as compared with the May. Since the first of October, we have shipped 6.5 million bu corn abroad against 5.8 million last season. Other shipments were not too significant and even the clearances of rye are only slightly heavier, in spite of a much larger crop.

Primary receipts of wheat were 1.1 million bu, which was pretty much in line with both last week and last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 674,000 bu.

Trade was not particularly heavy and in wheat there was no important feature except the fact that export business is such an important item that it must be kept constantly in mind. There were some parcels of corn and soybeans worked for November shipment to the Continent, and also some sales of corn to the U. K. Brazil was a big buyer of hard and white, and the UAR bought a cargo of hard wheat at the Gulf, and there were some sales via the Pacific. The flour demand showed some improvement although volume was not particularly impressive. In beans, cash interests were selling nearby soybean oil, and because of the weakness in products, beans themselves were quite weak with some hedging pressure also noted. To the extent that hedgers are able to go over from November to the later months, it will naturally reduce the amount of probable deliveries against November contracts. Rye was weak again, and this commodity is attracting very little speculative buying, although we feel that if the price stays down, larger impoundings will probably result. Oats continue weak with December losing more ground than the deferred months.

UHLMANN GRAIN CO.

[illegible] October 27, 1933

[illegible] monetary [illegible] capacity [illegible]

[illegible] of England and Europe [illegible] it is easier to obtain personal credit, and, indeed, [illegible] These [illegible] fiscal policies [illegible] a loaf [illegible] nearly 165 [illegible] the price of [illegible] attributed to [illegible] his successor [illegible] strength [illegible]

This may sound like a very technical discussion but [illegible] and to the housewife [illegible] used people [illegible] a week or so ago, the London gold market [illegible] Albert [illegible] between $32.10 and $34.16 [illegible] raised to $41.00 just a few days ago. [illegible] domestic conditions, according to a report received from a firm [illegible] That created a great disparity in gold prices between the U. S. A. at $33.10 [illegible] the London market of more than $4.00 [illegible] was stood by the [illegible] we find that the London market [illegible], and this morning the price [illegible] $31.56. [illegible] that if we pursue a [illegible] peal to our fiscal policies, we may be able to [illegible] rate that would only bring chaos and despair to those who have saved [illegible] who saved their money for old age. [illegible] with those who never have [illegible]

[illegible] week, U. S. shipments of wheat and flour were [illegible] bus and amounted to 12.8 million bu., which brings the season's total to [illegible] million bu. [illegible] a year ago. [illegible] only [illegible] Since the first of October, we have shipped [illegible] the [illegible] season. Other shipments [illegible] the clearances of rye are only slightly heavier [illegible] up.

Irish export [illegible] of wheat were 1.7 million bu. [illegible] much in line with the last week and last year. [illegible] these exports to [illegible] show a total [illegible] of 97 [illegible]

There was not [illegible] week that [illegible] the [illegible] O. K. [illegible] a larger [illegible] and [illegible] were some sales [illegible] some interest although volume was not [illegible] sure. [illegible] were selling [illegible] in [illegible] [illegible] the extent that [illegible] to the later [illegible] will [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 28, 1960

The standard of living in the U.S. is so much higher than some areas of the world that it is difficult for us to understand the plight of many people in other lands. For example, in much of Africa and Asia, food and housing shortages result from poverty stemming from the inability and lack of knowledge in regard to developing resources. In addition, the population growth has outstripped the capacity to produce even along more modern lines. The educational level in some areas is low enough so that there are many superstitions (often religious) that prohibit eating some of the foods or engaging in some work that otherwise would improve the health and living standards. Our relation to this problem is more than the question of foreign aid because these nations possess proud governments which seek equal dignity. It is a fact that Communist governments are able to devote their energies to infiltrating industrially and economically, a method which makes it easier to force their way of life on government officials. They display false power and stability by offering low interest rates or dumping metals and foods with long-term credits. Revolutionary tactics have even been successfully employed to establish sympathetic rule. This, of course, is not the democratic way, but it has been an effective device forcing free societies into economic and political conflicts.

When President Eisenhower and Premier Khrushchev traveled through Asia last year, both men attracted tremendous crowds. Witnesses have said that the American President was met by enthusiastic, eager, and excited faces while the Russian was viewed quietly and impassively. We take this to mean simply that regardless of nationality, all people prefer freedom and a way of life that permits democratic government, but people also seek improved living standards and grasp at any promise of self-betterment. Our aim, therefore, should be the mutual upgrading of these societies by harmoniously working with these governments and people, showing them ways to produce more food and fiber, how to build better homes and factories, and offer assitance in developing their resources. Privately owned American business ventures might be encouraged by our government through the offering of tax incentives to establish themselves in underdeveloped lands,using native forces to share both in executive and labor capacities. Giving foreign countries aid does not improve their living standards; it merely tides them over until the following shipment of money or wheat arrives.

Grain news was scarce overnight, but corn harvest is in full swing and will advance over the week-end depending on weather. Some rainfall is likely, but not forecast generally. Profit-taking in oil early in the session, and the lower meal market recently could cause a sagging in soybean prices. However, if this occurs, statistics appear sound, and we would recommendthe purchase of this commodity for long-term improvement. No export business of consequential size was announced overnight, but wheat sales, including red, have been made in large volume, providing stability to this cereal. Farm selling is practically nil and elevators offer only moderate amounts.

Wheat primaries totaled 1.1 million bu, which is slightly less than last week but compares with 736,000 bu a year ago today. Kansas City and Minneapolis stocks have decreased 903,000 bu so far this week. The wheat visible when posted Monday will compare with a decrease of 4.3 million in 1959. Prices for this cereal stayed strong this morning reflecting the possibility of scarcity of free wheat later in the season. This is on the basis of loan tie-ups and large exports although it may be farmers will be in a selling mood after the first of the year, in which case some redemptions could occur with values now mostly above the support level.

All months of corn declined with the December breaking its previous crop low, reflecting hedges that are now increasing in volume. Though prices to the farmer are cheap, and the quality of this year's crop is on the average good, storage space presents a problem thus forcing a good deal of corn on the market. On Monday tenders will be announced on November contracts, and, despite the decline in the November soybean open interest, it is felt that deliveries might be fairly large. Spread differences represent close to a full carrying charge, but Chicago stocks continue to increase and whatever deliveries are made might circulate rather freely. This commodity picked up steam toward the close, and traders were torn between the buying in oil against export business and the decline in meal. The latter made crop lows and cash is weak.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 31, 1960

The price of gold at London declined slightly this morning to $36.00 an ounce, and it seems that both Presidential candidates are now making rather positive statements that if elected they will not devalue the dollar. It was stated in London that investors in that country considered a Democratic victory to mean that there might be renewed U.S. inflation caused by higher U.S. government spending, without increased revenues to pay the bill. However, Senator Kennedy issued a fiscal and monetary policy statement, which promised that if he were elected he would not only uphold the dollar but would take steps to reverse recent drains on U.S. gold reserves. We doubt whether our commodity markets are being influenced at the moment by any of these inflationary factors, particularly because too many economists doubt whether an increase in the gold price will do any good in the long run. We should remember, however, that even if the dollar were to be devalued, such advocates would probably not advertise in advance. May we remind you that two days before Sir Stafford Cripps announced the devaluation of sterling in a broadcast, he denied it in the House of Commons, later to excuse himself withthe simple words, "If I had not denied it, there would have been a run on the banks."

Thus we shall have some uncertainties with us for some time to come, but it is our own view that many of the present fears being expressed in the foreign speculative markets are unwarranted. Late Friday USDA issued new parity prices for our various commodities, but the changes were very trivial and a decline of 1¢ per bu in wheat parity does not mean much at this time, particularly since the minimum loan has already been established for next summer's crop. Higher prices paid for clothing and food were offset by declines in automobile prices, leaving the family living index unchanged at 290 during the month that ended October 15th. It seems that most of the 1961 models of cars now available are being offered 4% below a year earlier. This reduction reflects in part the shifting consumer preference to the new compact autos. Also, the pricesof used cars have declined. The mid-October price paid by farmers for family living items averaged one point higher than a year earlier.

This, too, failed to produce much influence on speculative thinking, and we believe that the advance in bean prices came about in spite of moderately heavy tenders against the November contract, as a better tone was displayed for soybean oil, but meal was still reactionary and new lows for the season were recorded. The main factor in the bean market is the feeling that supply and demand this season will be closely adjusted, and particularly in the U. S., although world production of soybeans is estimated, with China the same as last year, at 983 million bu, which, if borne out, would be about 3% up from last year but 2% below the 1958 record of one billion bu, according to the USDA. It is still difficult to get accurate information from the China Mainland although there are unofficial reports that the harvests in that country may be sharply down due to both drought and floods.

There had been some nice moisture reported over the Southwest, which is very welcome at this season of the year. Even in western Kansas, over 2 inches rain was reported at Garden City, which is generally one of the dry spots, and most reporting stations showing some moisture, which extended to the corn belt, with as much as 2 1/2 inches around the Bloominging, Ill. area. This, however, did not have any particular influence on corn prices because fair quantities have already been harvested.

Chicago wheat stocks decreased 457,000 bu leaving 12.8 million bu here. In addition there is 128,000 bu afloat. There was a large increase in our bean stocks which rose to 14.7 million bu or an increase of 2.7 million bu for the week. Markets were not particularly active, but beans were quite firm. There was both commercial buying in the pit as well as changing over by hedgers to the deferred months. The open interest in beans is 190 million bu or an increase of 75 1/2 million since the end of August. Wheat prices were quite firm and while we did not hear of any actual export business, there is talk that Spain may reenter the market soon, and Turkey is looking for an agreement. We look forward to a large export year for red wheat as well as for other grades. Corn was firm and prices in the country are very low taking into account discounts for moisture. Oats also improved, and of course the price of this commodity is quite cheap. Rye also did better.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 November 1, 1960

The supply of more than 14 million bu of soybeans in Chicago is greater than last year and of record proportion, so it is not surprising that tenders on November contracts yesterday were large. A total of 3,485 million bu of beans were announced for delivery, most of which were retendered, so that 6,735 million will be given to November longs today. These beans might continue circulating for the present, though the open interest is being reduced substantially and November has widened to practically a full carrying charge difference below the January. Thus we wonder if these soybeans soon might not fall into stronghands, as elevators at least have the opportunity to take ownership and meet expenses by retaining possession until January or a later delivery month, all of which reflects most of the cost of carrying.

Less noticed but even more strong have been wheat futures recently and new highs have been registered almost daily during the past week. With October 1st stocks in all positions 10% more than a year ago and larger than ever, prices are in many instances above the loan. Large exports, increased impoundings and a reluctance by producers to sell during the current tax year are the underlying factors. We would logically expect some first-hand liquidation, particularly in the Southwest after the first of next year. On the other hand, the red wheat demand outlook is optimistic with heavy shipments expected to continue. Our government is not alone in the problem of oversupply, as Canada is confronted with a stock for 1960-61 of 1 billion bu. This is a 64-million-bu increase over the previous season. Domestic consumption in that country is only about 160 million bu, and even with exports last year of 279 million, their Wheat Board must compete with the U. S. government for world markets, with both countries desperately attempting to reduce excess supplies. The U.S. has been more successful as we have exchanged grain for foreign currencies and have donated and bartered large quantities, which work to Canada's disadvantage. We, therefore, have the dual conflict of attempting to ease our surplus situation to the benefit of needy countries and at the same time not harm friendly relations with Canada and other export nations, with which we have close ties.

Weather has cleared in the Southwest and forecasts for the corn belt are somewhat improved, so that corn-picking likely will resume toward the end of this week, and a good deal of this grain has yet to be gathered. Some additional harvesting pressure will result from farmers selling, but it must be remembered that prices are well below the loan and producers will make every effort to store this cereal where they can in the hope of taking advantage of the federal support. On the other hand, government stocks are large and CCC selling most certainly will continue throughout much of the season.

Our rye market has fluctuated within a narrow range during the early part of the season and prices now are close to the low points. Stocks in all positions October 1st were 25% more than a year ago and the largest since 1955. Disappearance in the first three months of the season was down 3% from last year and though the support might prove somewhat effective, terminal supplies currently appear adequate, and there is little incentive to buy this grain at the moment.

Primary receipts of wheat amounted to a little over a million bushels which was the same as both last week and a year ago today. Kansas City and Minneapolis stocks decreased a total of 347,000 bu.

The weekly government crop report claims corn picking is about one-half completed in Illinois, Minnesota and Ohio as well as states to the south. Only one-third of this grain in Nebraska and Indiana has been harvested, and less than one-fifth in Iowa. A private report mentions that selling in Illinois probably will be heavier once farm storage has been filled, and in some sections the majority of farmers will have a surplus. Prices for this cereal advanced during the session with short covering the main feature, and some buying against a sale to the U.K. It had been mentioned that Spain probably would be in the market for additional quantities of red wheat, and their government has invited tenders for 85,000 bu. Our market again advanced this morning. Soybeans, which were strong early in the session, reacted and profit taking was featured, but it should be noted that carrying charges widened further. Chicago free wheat stocks decreased 547,000 bu during the week leaving 12,954,000. Corn decreased 591,000 bu leaving 1,281,000 bu.

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CHICAGO, 4 November 2, 1960

We hear a good many comparisons these days as to the relative efficiency of the Russian farmer versus ours. After some study and research, we find that while they have been improving their methods, they are still far below our own standards. In Russia, one agricultural worker produces for only 4 or 5 people; more than 40% of the total labor force of the Soviet Union works in agriculture and forestry. In our country, productivity of the American farm worker is now growing more than twice as fast as the productivity of workers in industry. In agriculture, the increase has averaged 5% per year. This is the U. S. farmer's record of efficiency. If our producers were no more efficient than those of the Soviet Union, 22 1/2 million Americans who now work in manufacturing, construction, mining, the trades, transportation, and other nonfarm business would have to produce food, clothing, and forest products. American farmers fed us and our allies during two World Wars; they did it without drawing on the manpower needed by the Armed Forces or by industries producing war material. Much of this is shown today in the ability of our farmers to produce food in abundance for world peace, and our agricultural products are now shared with friendly, underdeveloped countries as never before in history. Agriculture has advanced more the past 50 years than in all prior years of man's history. In spite of increased population and heavier exports, we are still piling up surpluses as never before, although some of them are now being bartered for strategic materials that we need. Our prowess has not been confined to agriculture alone.

If we were to start on an even basis with Russia in home products, we would have to immediately destroy 40 million of our television sets. If we wanted to even-up the scale with respect to highways, we would have to rip up 14 of every 15 miles of our paved roads. If we wanted to reduce our status to theirs in the field of railroading, we would have to junk 2 out of 3 miles of trackage. If we were to be reduced to their level of steel capacity, we would dismantle three-fifths of our output. Similarly, we would have to junk 9 out of every 10 telephones, 19 out of every 20 autos and trucks, destroy 2 of every 3 hydro-electric plants, shut down two-thirds of our petroleum refineries; as stated before we would have to return many of our industrial people to the farms. It was recently said that if Russia built the equivalent of a new Hoover Dam every 21 days for the next 20 years, they would catch up with America's electric power output by 1980. We have witnessed in this country progress and technological revolution that if properly understood would continue to be the envy of the world.

Primary receipts of wheat were lighter at 751,000 bu which compared with 1.1 million bu last week and 804,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 592,000 bu.

Trade was much more on the quiet side, and there was not near the amount of changing in beans as apparently a good many of the elevator interests have gone over to later months taking advantage of practically a full carrying charge that had existed between November and January. Some of these interests even went into more deferred positions. There was some commercial buying also of November beans which helped the market, and generally speaking prices were higher although during the session profit taking set in, but this was easily absorbed. The weekly exports were quite heavy at 3.7 million bu which included 2 million bu to Canada, but in any event this means that beans are leaving the country, and to date our shipments have been about 1.6 million greater than last season.

In wheat there was 560,000 bu of red wheat sold to Poland for November shipment via the Gulf, and we are convinced now that our stocks at the end of the season will be down to nearly the level reached last year which means that Chicago will finally have to furnish some of the red wheat for export. As a result we find that hedgers are buying December and going as far ahead as May. According to The Southwestern Miller soft wheat continues to have a strong undertone, influenced mainly by continuing aggressive demand from exporters. There was a little reactionary feeling in corn at times after the recent upturn in the market. However, the declines did not extend far and there seems to be a little better sentiment in that cereal probably for the reason that with cash prices in the country already so low, the farmer is not apt to force sales, and in fact we have heard in many instances where cribs are already filled, and that snow fences are being built.

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CHICAGO, 4 November 3, 1960

All of us in the grain industry are hopeful that the next administration, regardless of party, will develop constructive farm legislation. For the good of the country the production and marketing of agricultural goods should be returned to a private enterprise basis. The inadequacy of the present price support system, even with its recent modifications, can be proved by measuring annual cost versus farm income. Currently taking the nation as a whole, employment, average annual income, and gross national product all are at their peaks. Farmers' equity and assets, as well as real estate values, are near their high point, and so is government investment in farm produced goods. Yet income has not kept pace with other segments because of an outmoded farm program initiated years ago, and like an old machine is no longer able to run by replacing wornout parts.

The fact that neither Presidential candidate is particularly well versed on agricultural problems has been evidenced by their respective farm programs. Likewise the diminishing political influence of farmers is behind the lack of emphasis given to agriculture during the campaign, for it is true that the number of farmers in America has decreased to the point that they comprise about 10% of the population. Nevertheless, the food and fiber they produce make their importance to the economy highly significant. The technological revolution in the U. S. is at its peak, with a record output for the past three years on fewer planted acres, and with jobs and incomes at an all-time high, this indicates a continued strong demand for farm goods. All of this lends hope that the next Secretary of Agriculture will divorce politics from agriculture to the extent that sensible programs will be enacted without measuring their vote-getting appeal.

One of the large chain bakers purchased their 90-day commitments overnight, and it is thought that more mill business might be in the offing, which lent support to our market at the opening this morning. In the Southwest farm selling remains quiet, despite futures selling in new high ground, and if anything, producers are encouraged to hold with prices advancing. Some small lots of red wheat were sold to The Netherlands; otherwise overseas demand momentarily is curtailed with the exception of some hard and white wheat being offered to India. Since the start of the season, Broomhall reports U. S. wheat and flour exports at 172 million versus 131 million by this date last year. In this young corn season, shipments are running slightly ahead of a year ago, while oat clearances are 5 million bu below the first four months in the 1959 season. This same source talks of continued wet weather over large sections of Europe and the U. K. forcing further delays in fall plowing and planting. It might be that some acreage might not be seeded at all.

The USDA has revised soybean exports since October 1st, adding 300,000 bu, making the grand total 4 million bu. Analyzing statistics on basis of the most recent official crop forecast, which will be revised next week, supplies of this commodity total 585 million bu, which means with anticipated usage possibly a shade higher than last year, a carryover of only 10 million bu will be available next fall. Naturally these figures are all subject to correction but do point out the prospect of a very close adjustment.

Primary receipts of wheat totaled 833,000 compared with 1.2 million last week and a million bushels a year ago today. Kansas City and Minneapolis stocks decreased 718,000 bu so far this week. Once again wheat led the list with the advance carrying into new high ground with buying rather general. In addition to mill demand, Poland bought a cargo of red wheat and politics still influences new crop months, at least with prices gaining on the possibilities of bullish legislation. We doubt if this will occur regardless of the winner next Tuesday because this year's crop of winter wheat is planted, and the loan has been established and can only be raised, which is not likely as stocks of this grain are at an all time high.

Deliveries have circulated in soybeans so that the November open interest is now under 10 million, quite low for this early in the month. Prices during the session fluctuated rather freely and closed about unchanged. There is a better demand for cash beans in the country with the basis improving rather sharply overnight. Cash houses hedged corn so that this cereal was lower, and weather is ideal again for gathering of this crop. Though Chicago elevators are well filled with wheat, beans, and oats, shipments of all three commodities during the season will be replaced no doubt with corn so that supplies undoubtedly will be adequate throughout the season.

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CHICAGO, 4 November 4, 1960

Early next week we shall learn the results of the election. Neither candidate has said too much about agricultural programs, but one thing is obvious: namely, that we need a change in the character of legislation. For over thirty years each political faction has been battling to outdo the other in trying to obtain more and more advantages for the farmer to raise the price levels of his products and to win his vote. Some sincerely believed that a rapidly growing population would provide sufficient market outlets for the accumulations. They neglected, however, to visualize what the technological advancements could accomplish by way of increasing our crop without actually increasing acreage. According to the latest census there are only about 43 million more harvested acres than there were in 1900, so that in a period of 60 years we have not had a large expansionin the opening of new lands. Our agriculture has shifted from horse power to mechanical power, which inturn released about 73 million acres of cropland from "work animal" feed to other uses. Then, too, we have witnessed a tremendous increase in the use of fertilizers. It is about seven times greater today than it was fifty years ago. We are carrying in this country between 4 and 5 million bu of various commodities from one crop year to the next.

Many well informed persons must realize that conditions of this sort cannot long endure. At some point we are bound to reach the saturation level. Our farmers today are using three times as much machinery and equipment and over twice as many motor vehicles as they were in 1940. Today's farmer produces as much in one hour as he did in two hours in 1940 and three hours in 1910. Since 1940, the per-acre yield of cotton has risen 67%, corn 56%, and wheat 40%. Just recently, our total agricultural output reached the highest levelof record, and yet it was produced on the smallest acreage since 1919. Thus we have learned through sad experience that any unit of measure loan based on a high percentage of parity was untenable and would bring about such enormous accumulations at home that if the program were long continued, it would end in a fiasco. In the case of cotton, we produce just about the same output today on 13 million acres as we produced a generation or so ago on 43 million acres. Cotton yields have increased from 197 lbs per acre to 497 lbs per acre.

Even huge exports cannot prevent a disaster, and we noted that in the fiscal year of 1957, the output of 60 million acres of our land, or in other words, one out of five harvested acres moved abroad. We exported the equivalent of over half our wheat, cotton, and rice crops, and still this did not solve the pressing problems that faced us. The fallacy of most of the programs that have been put into operation was that they placed too much emphasis on whether the loan was at a higher or lower percentage of parity instead of giving considerationto the more fundamental issues surrounding the factors of production and demand. The excessively high loans have helped to accumulate surpluses that were unneeded, and these have finally become a burden upon the market, which is now becoming nationally recognized. Over the long pull even acreage allotments in wheat have not dented the imbalance between the total supplies and available markets. On the contrary by helping to freeze some inefficient production patterns has contributed to probably the worst imbalance in our history, as is evidenced by the record carryover reserves of wheat and probably some other commodities as well. Indeed, we say without faltering, a complete change in thinking is necessary.

Not much attention was paid to statistics. After early firmness in the bean market, selling orders came into the pit and, despite some offsetting buying by commercial interests, the close was rather weak. There was undoubtedly evening up not only prior to the weekend, but because of the uncertainties in the election. Corn was influenced by reports from downstate claiming that while the early harvested receipts were low in moisture, the later ones were running 20 to 23%, and that this was probably too high for farmers who contemplated taking the loan or to store heavily along snow fences. Also yields had turned out more satisfactorily. There was also some hedging and this offset the export buying by U. K. and the Continent, which took 1 1/2 cargoes. In wheat there were fluctuations on a rather wide scale, but it was felt that in spite of fairly heavy flour business by chain bakers, the market might be due for a reaction, and there were fair realizing sales that caused weakness. The new crop futures were also weaker. The wheat visible Monday will compare with a decrease of 4.9 million bu last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 7, 1960

Tomorrow being Election Day, we, as Americans, have an opportunity to exercise our most precious right - that of voting for the candidate of our choice. By the time this letter reaches some readers, we will have the results, and whatever they are, we all hope that we will always live in a free democratic society with a government of, by, and for the people. Additionally we shall elect 33 Senators and 437 Congressional Representatives, the outcome of which will have world impact as our nation represents symbolic leadership to people throughout the world.

Agriculture, of course, will be affected by the outcome as policy and legislation will be originated, depending on individuals in office. The standard of living on farms is the highest on record, and markets for agricultural products are strong with a high level of economic activity, so for this reason it is important that these markets will be maintained and improved upon. Attention must in the next session be clearly focused on the agricultural scene, correcting some of the ills created over the years: namely, price supports, as only 21 of some 250 farm products are so regulated. Less than 40% of farmers' income is from the price support part of agriculture, and less than 1 of 4 acres of crops in the U.S. is under government acreage control. Most farmers prefer freedom to produce and it is not a matter of choice that they take loans on their various commodities, but because since the inception of these programs, they cannot compete normally with each other unless they recognize and in many instances partake of them. On feed grains, for example, supports tend to eliminate the supply and demand factors necessary to carry on the most equitable cattle and hog feeding policies as artificially priced corn affects animal production. Inflation in our economy has hurt farmers as much as any other segment, despite government aid, and this can be seen by noting that gross farm income increased by $7 billion between 1946 and 1952, while realized net income was actually less at the end of this period. These inflated costs have remained in the farmers' operating picture, causing suffering ever since, yet the future of this industry appears good and the outlook is optimistic if sound governmental laws and policies are adopted, which would result also in a healthier economy all around.

Some additional red wheat sales via the Atlantic were made with Poland. Since July 1st the amount of this variety wheat cleared has totaled 18 million bu, almost double the amount in the same period last year. Markets in our Southwest remain firm. Some farm and country elevator selling toward the end of last week weakened Chicago futures. The Canadian government issued a crop report Fridaywhich showed few surprises, and final wheat production amounted to 490 million bu, an increase over the previous year. Flax output inthat country totaled 25 million bu vs. 17.7 in 1959. Here at home corn harvest progressed despite some rain in sections of the corn belt over the week-end, and yields in some instances are better than earlier had been anticipated.

During the week Chicago wheat stocks decreased 236,000 bu leaving 12.7 million including that which is afloat. Corn increased with harvest underway, and there is more than 19 1/4 million bu in our market. Shipments of oats caused a decline of 300,000 bu, leaving 8 million including those afloat. Total rye supplies increased 289,000 to a little over 3 million bu. Another increase was shown for soybeans, and local elevators now hold 16 million bu which is by far larger than at any other time. Despite this, November gained on deferred months reflecting the smaller cost of carrying as each day goes by, plus the fact that deliveries have fallen into somewhat stronger hands.

Otherwise activity was somewhat curtailed because of tomorrow's election and with that matter still to be decided, many traders seem unwilling to extend themselves very far. The USDA predicts another large year for corn feeding though the total would be about in line with last year's record amount, thus indicating a carryover of about 2 billion at the beginning of next season which would be an increase of around 200 million bu. This source mentions that of 75 million tons of feed grains in the carryover, 65 million was owned by the government or under price support. Prices of corn and sorghum are expected to fall somewhat below the support level at harvest, which has already occurred, but should then rise later in the marketing year to the support level, and possibly a little higher. An exceptionally large week of soybean exports is anticipated on basis of Gulf loadings.

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CHICAGO, 4 November 9,1960

Americans went to the polls yesterday while the commodity and securities markets were closed. It was probably the closest national election this country has ever witnessed, at least insofar as popular vote is concerned, and even at this time the full count has not been made. There can be little doubt that the heavy Democratic votes in the large industrial centers gave the victory to Senator Kennedy. If our citizens are to recapture the sense of mission which survival demands, surely our leaders at every level must have the capacity and the vision to understand that the very instability of the times is our most serious obstacle to the preservation of American traditions.

We do not know, of course, what agricultural policies will be demanded by the new President. He is definitely more liberal than was his opponent but still he faces a Congress that is more conservative than he, and there is no certainty that the farm legislative acts will differ so very much from those presently in effect. Of course, it is too early to come to any definite conclusions on this score, except that the farm states went largely Republican.

When our markets opened this morning commodities were generally higher. It has been felt for some time that under a Democratic leader, there was more chance for inflationary tendencies, and actually the gold price at London had advanced, indicating that they, too, held that view. Beans might have been strong on their own merit for the reason that weekly exports were heavy and amounted to 5 1/2 million bu, which compared with 4 million the week before. To-date, we have shipped 17.6 million, or about 3 million more thanin 1959, during the same period. The deliveries of beans are apparently being stopped either by industries or by elevators, the latter having taken the beans at almost a full carrying charge to January, and thus the market seems to be in fairly good balance, in spite of the large open interest, which sometimes frightens longs. The Southwestern Miller estimated that in recent days sales of flour had amounted to about 7 million cwts of winter and about 3 million for spring. The demand for soft flours was again slow, but the red wheat situation in our opinion continues very firm with the chance of heavy exports during the entire season. Stocks of free wheat in Chicago decreased 236,000 bu during the week, leaving 12.7 million bu here. In spite of a lower market for rye at Winnipeg yesterday, we had strength at our opening; some of it came from sympathy with other grains, but the subsidies granted by the government were somewhat heavier, and this gave some encouragement to investors.

According to the Illinois weekly crop bulletin, corn picking is about 55% completed, which compares with 71% last year at this time and an average of 79% normally. Combining of soybeans is virtually finished. There is no particular apprehension as to the possibility of gathering corn in the various states that are the largest producers even though it is somewhat behind last season. There were a few rains received with snow, but the barometer is rising and the chances are that field work will gradually be completed.

Primary receipts of wheat for the two days amounted to 1.6 million bu which compared with 751,000 bu last week and 803,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 493,000 bu.

As stated earlier, beans were quite strong at the opening, but there was a good deal of realizing by longs, also some hedging at times, and in any event the market was weak. Some people may have sold getting ready for the government report which will be issued after the close tomorrow. In any event there was a good deal of stop loss selling and with the open interest in beans in excess of 200 million bu, this was not particularly surprising. Wheat prices held up fairly well until a reaction came in beans; then there was some profit taking in this pit, but red wheat continues to go out of Chicago and is being sold quite cheaply by elevator interests who are trying to make room for other commodities in which the carrying charge possibilities are greater. The UAR is requesting tenders next Monday of 2 1/2 cargoes of flour, and Vietnam received an authorization for 40,000 tons of flour so that buying might develop next week. Cash corn was weak, but the futures market held up pretty well. Oats were firm, and with large supplies there may be a resumption of several export programs that were discontinued last March and earlier. Japan was said to have bought nearly 3cargoes of soybeans for December shipment.

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CHICAGO, 4 November 10, 1960

Election results are probably less of a market factor in grain than most people had expected. The razor-thin margin for Senator Kennedy may tend to make him more conservative in his views on agriculture, particularly since a large number of farm states went Republican. In his informal acceptance speech yesterday at Hyannis Port, he stated, with some humility, that the next four years are going to be difficult and challenging. There can be little doubt that the search for peace in a world of torment, in a century which has witnessed more suffering and terror and degradation than any in the long history of the human race, is fraught with tremendous problems.

When the world turns and seethes in one of its rare periods of unrest, we must appreciate that stability and security are not easily won. We must recognize, however, that the leadership is ours by virtue of the fact that we are a free and sovereign people and that freedom has been thehaunting search of all people through all ages when the first intelligence dawned in our civilization many centuries ago; and then there is the special need for strength that arises out of the currents of present-day history. Though we have won two wars, we have twice lost the peace, and, therefore, are beginning to realize that we have inherited a freedom which is not free at all, but for which we must pay. Freedom is not bestowed, but is earned, and we are sometimes surprised to find it so precious, so fragile, and so rare There must come a stern thinking for all Americans, which demands that government be not an end in itself but a servant to free enterprise. Unless this tradition prevails, the insidious and unseen retrogradation comes over the nation like a sweeping paralysis, from the free republic of decentralized government to the welfare state, to the handout state, to the police state. We as Americans must insist that mounting taxes and budget imbalance do not weaken the structure of government, so that in some future crisis government would assume control of business, regulate its size, its prices, its profits, its labor mobility, and its outlets.

Before our market opened this morning, oil and meal prices showed further weakness, and it was almost a foregone conclusion that beans would sympathize. Red wheat was a shade weaker in the Central States and part of this may be attributed to sales from our market, which as we mentioned yesterday had been made in order to accommodate other grain that enjoys a better promise of carrying charges. On the other hand, the country has not increased to any extent its selling following the election, and if export sales continue in volume, both for hard and red wheat, we still believe that any weakness in either cash or futures will not be extensive. Food supplies through 1961 will be a little larger than this year but consumer demand is expected to remain strong, and the consumption percapita will likely be about the same as it now is. Artificial factors are still present in most grains. The carryovers in all categories were very large, but most of them are owned by the government, so that there is not really effective pressure on markets. Even oats, which at one time appeared to be in smaller supply, are about as plentiful as the year earlier. In corn, the combined crop and carryover give us a record supply for all time. Even on the assumption of heavy anticipated domestic needs and exports, the government expects a reserve stock of around 2.0 billion bu for October 1, 1961.

Primary receipts of wheat amounted to nearly 1.3 million bu. This compared with 833,000 bu last week and a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 869,000 bu. The visible supply of wheat was late in being posted, but last week there was a shrinkage of 8 million bu. Total stocks are still very large at 511 million, which is 88.4 million more than last year. Corn stocks increased 4.8 million bu and have risen to 101 million, which is 9 1/2 million in excess of last season. Beans went up 5 million bu to a total of 48.3 million. There is 16 million more than a year ago.

There was liquidation in all markets with March and May meal going into new low ground. The same was true for December and March corn, and practically all rye futures. Wheat reacted, and oats were extremely weak as selling was rather persistent. No crop lows were registered. There will be a government report after the close, and it should show some increase in corn production but possibly not much change for beans. The government will also give its estimate of the grain sorghum crop.

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CHICAGO, 4 November 11, 1960

After the close of the market yesterday, the USDA crop production report was issued, showing estimates for corn, soybeans, and grain sorghums as of November 1st. The corn crop is now estimated at 4,379 million bu, which is a 3% increase over October and 34% above average. The indicated crop is the largest ever raised and should be slightly better than in 1959, when we had the previous record. In contrast to this, soybean production showed a small decrease of 2 million bu; the yield is estimated at 560 million bu, which is the second highest of record, and 55% above average. The feed grain situation is revealing not only from point of view that we have the best corn crop ever harvested, but grain sorghum production is expected also to reach a record of 618 million bu, which would be up 7% from last season and more than 2 1/3 times the average.

All this had some influence on corn this morning, although the market had broken rather sharply in prior sessions, and today's decline was minimized because of this. A good many traders had looked for an increase in beans because of the fact that the corn yields were turning out better, but in this they were disappointed, and as a result soybeans opened higher and some of the sold-out longs tried to reinstate their positions. There was nothing said about wheat, and we shall have to wait until next month for a revised figure of last summer's crops. At that time the government will also estimate what is likely for next year. All that can be said now is that with moisture supplies adequate, the crophas gotten off to a good start, It should be mentioned, however, that the wheat crop, according to earlier figures is large enough to exceed probable disappearance by about 200 million bu. The carryover next July will probably rise to about 1 1/2 billion bu, which will be a record. Feed grain production will also probably exceed use and the carryover next October 1st may reach a record of about 82 million tons. All this demonstrates rather well what technological developments have accomplished when weather conditions were average or better, but it also poses a good many problems for the future. Heavy supplies will continue the dominant feature in the agricultural situation next year. On the other hand, the demand for food in this country will continue strong. Exports of farm products in 1960-61 are likely to equal or exceed last season's record volume.

According to Broomhall, U.S. wheat and flour shipments during the week amounted to 7.8 million bu, and since July 1st, we have exported nearly 183 million bu compared with 135.4 million a year ago. Thus the increase to-date is about 47 1/2 million bu, and it becomes obvious that we shall probably have one of our heaviest shipping seasons. Exports of corn for the week were also heavy and amounted to 4.8 million bu. Since October 1st, we have cleared 18.5 million, or roughly 4 million more than a year ago.

There have been further heavy rains over many European countries, retarding work and there is a growing belief that the acreage of fall grain in many areas will show some reduction from last year. They have had violent storms in France, which caused flooding in some sections. This continues to hold up plowing and planting and some reduction in the fall acreage seems likely. Weather improved in West Germany after the heavy rains, which delayed field work. On the other hand, weather in Italy remains unfavorable and is retarding planting and gathering of a number of late crops, such as corn and rye.

Primary receipts of wheat were just a million bushels which was about the same as last week and also the same as last year. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 5 1/4 million bu.

Wheat was strong. India bought a cargo via the West Coast and half as much wasbought also by Chile, while Poland bought 13,000 tons of red wheat together with a larger quantity of hard wheat. The UAR also made some purchases via the Pacific. USDA indicates big European demand. Beans were higher in the early trade, but there was considerable profit taking when it was apparent that the advance in meal could not hold. We feel that unless there is a better inquiry and demand for meal that beans will have some difficulty at least in showing sustained strength. The European demand for soybeans continues quiet, and during the past week or ten days some sales by Red China were made in a fair way to the Continent. Corn was naturally influenced to some extent by the bearish government figures.

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CHICAGO, 4

November 14, 1960

Prosperity has been on the incline almost universally during recent years, as a prolonged period of peace has allowed economic activity to reach new heights abroad as well as in this country. Foreign industrial activity as well as world trade has risen steadily since 1958 and the production of goods placed in world markets has increased about 10% per annum the past two years. The U.S. has shared substantially in this trend and agriculture alone has felt the effects to a large degree, so that the volume of farm exports in 1959-60 was a new record amount. Total value of these commodities amounted to $4.5 billion, which was second only to the 2-year earlier period. Shipments of every major farm product except tobacco increased over the year earlier, partly because surpluses have accumulated to the point that the USDA has had to step up programs through which these goods are placed into world trade. Even so most of the expansion came from the sale of American agricultural products out of commercial stocks, and the total of $3.2 billion was the second highest return ever recorded. As mentioned, the improved economic activity abroad aids in the outlook for fiscal 1960-61, as consumer-demand in other lands has picked up substantially and larger exports of many goods should be maintained. Two factors that will help are the "Food for Peace Plan" and reports that Communist China has had a drought, thus possibly reducing the Communist Bloc influence as a world supplier. We can already forecast larger wheat shipments on basis of early season's sales and a small increase in cotton will be offset in part by a reduction in foreign feed grain demand. Soybeans will again be used in heavy volume, which we have previously discussed.

The weight of the large corn crop is being felt as supplies move to market following a week-end of almost ideal harvesting weather. Feed grain supplies in general are burdensome, reflected by the lowest price in years for both corn and oats, and meal demand is poor. Normally values improve following the harvesting of a crop and though this may be the case with corn during the winter months, free market supplies, as well as CCC sales, might tend to make their combined weight felt more than in recent years.

Farm selling of wheat in the Southwest was almost blank, creating further tightness, and with export demand for red wheat active, it is a question of whether local supplies will be large enough toward the end of the season to take care of needs. This has, and might create even further strength for the nearby months in relation to the deferred.

According to Broomhall, favorable weather prevailed in Argentina; however, the outlook for growing crops contains a certain amount of uncertainty. Australian wheat has made good progress and harvesting is underway on that continent. Many European countries are beset by further wet weather, making conditions unfavorable for fall planting, and this source thinks wheat acreage in a number of countries will fall short of early expectations.

Shipments of wheat from Chicago stocks during the week caused a decrease of 937,000 bu leaving 11.8 million bu, including that which is afloat. Corn supplies increased 1 1/4 million to 20 1/2 million, while oats decreased a small amount leaving 7.8 million bu. Rye supplies also decreased a very small amount, and there are almost 3 million bu in local elevators. Beans showed a decrease of 1.3 million bu to 14.6; however, one private processor elevator, which until now had been included, is no longer categorized among reporting elevators, thus accounting for part of the decrease. A revision by the USDA results in total exports of soybeans last season at 142.3 million bu which is an increase over the original figure, and compares with 110 million during the preceding season.

Markets on the Board of Trade were all lower as general liquidation was featured, and stop loss selling occurred in most pits. The bearishness of the feed grain situation is accentuated by the weakness in both corn and oats, and we would have to look in the records to see how long it has been since either grain sold at this cheap a figure. Beans reacted, particularly later in the session, and net losses for the day were more than 2¢ though statistics still point out the possibility of a close adjustment later in the season giving good reason for a bull market. Rye and wheat shared in the decline though the latter grain met support, particularly the nearby month which rallied. There was fair business in export corn to Antwerp-Rotterdam, and the U.K. bought 375,000 bu of hard wheat. Chicago corn receipts were fairly large, and the spot market is still at a big discount.

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CHICAGO, 4 November 15, 1960

Now that the elections are over and tensions have subsided, it might be advisable to look toward the future objectively to see what is likely, not only in agriculture, but for our whole economy. Speaking first of farm problems, one of the advisors to President-Elect John F. Kennedy is of the opinion that the new administration will reverse Republican agricultural policies and bring about better farm incomes. Emphasis is placed on making effective use of the abundance rather than cutting back on production. In overhauling the nation's farm program, each commodity will be considered separately in an effort to establish a new program that is adapted to its specific needs.

While it is true that the population of the U. S. is onlyabout 6% of world population, there is a rapid upsurge here, and we are increasing in number by almost 3 million annually. Thus it is estimated that we will have 208 million people by the end of the 1960's. Our manpower potential is great enough with an improving technology to increase the production of goods and services by about 50% from 1960 to 1970. Should we reach a figure of 208 million population, it would not only be an increase of 28 million but would rise 15% over the decade. The number of young people reaching 18 every year ready to enter the labor force or go on to college will increase from 2.6 million in 1960 to 3.8 million in the single year 1965, a rise of nearly 50%. Workers under 25 will account for nearly half the labor force growth during the 1960's, even though they will stay in school longer. More workers will be 45 years and over in 1970 than in 1960, despite earlier retirements. The number of women workers will increase at nearly twice the rate for men. By 1970, there will be about 30 million women workers, 6 million more than in 1960. This represents a 25% increase for women, as compared to a 15% increase for men. One out of every three workers will be a woman. At least two out of every five women in 1970 will be in the labor force, except for teen-age girls (most of them still in school) and women 65 and over (most of them either retired or past working age). During the past decade, professional, office and sales workers as a group exceeded for the first time in our history the number of persons employed in manual occupations (skilled, semi-skilled and unskilled jobs). During the coming decade, this trend will continue. The fastest growth will occur among professional and technical occupations, especially engineers, scientists and technicians. The biggest increases will occur in occupations requiring the most education and training. The shift from an agricultural economy to one that is predominantly industrial will continue. More people will choose to work part time; 16 million persons will be part-time workers in 1970, a 30% increase from 1960. We mention all this because of the importance in planning for the future of agriculture, as well as the future of businesses or other activities.

Primary receipts of wheat were less than a million bushels while a week ago today was Election Day. Last year receipts amounted to 1.4 million bu. The visible supply of wheat showed a decrease of 4.1 million bu leaving total stocks in all positions 506.7 million. We still have 89 1/2 million more on hand than a year ago. The corn visible increased 6.6 million, bringing the total to 107 1/2 million bu. Beans increased 806,000 bu in various markets. We have 49 million bu in store which is nearly 14 million more than last season.

There continued to be a good deal of liquidation in the markets today. Corn was lower and a local elevator concern must have sold very heavily, and this presumably is against purchases of cash. With wet, muggy weather over the belt, harvest is impeded although taking the country as a whole three-fourths of the crop is said to be cut already. Iowa reports that only 55% is in, but the crop in Nebraska, Kansas, Missouri and Illinois has attained a figure of about 70% or more. Progress has also been good in Indiana and Ohio insofar as picking is concerned. On the other hand some users are reluctant to buy wet corn, and by the same token farmers may have to sell more than if the crop had been dry. In some instances spoilage is reported. Drying of the crop is a more prevalent practice than usual. Turkey bought 30,000 tons of red wheat for first half December via the Atlantic. Poland also bought a cargo of red wheat. Wheat prices were firm and December again gained at times on the later months. There was a good deal of selling of beans early, but locals covered later, only to sell again toward the close when the market turned weak, and they were disappointed that the rallies were so short lived, and that meal was weak.

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CHICAGO, 4 November 16, 1960

Relations between the U.S. and Latin America require particular attention because of our geographical proximity. We have little in common otherwise as even our respective languages differ, and economically South America is underdeveloped and comparably unstable, especially on a political level. Yet there is a mutual desire to get along, and this is practically uniform among all countries there even though each one of them has its own set of problems and functions independently of each other. The Monroe Doctrine is as important now as it was during its early inception, and it is interesting that observers find that Castro's domination of Cuba is as disturbing to most South Americans as it is to us. There is a strong determination on their part not to fall prey to false promises of Communism, and the majority of the people in all nations there admire freedom and U.S. world leadership.

According to our Secretary of Agriculture, who recently returned from a tour of five South American countries, two needs must be given primary attention. One is technical advice, the second is loaned capital. On this basis our government can provide assistance as most of the countries on that Continent are about as advanced agriculturally as we were in 1862. Underdevelopment is largely to blame, but strides are being made, especially when it is noted that in Brazil progress is so fast that the railroad age is being bypassed and they are moving to truck and air transportation. Argentina is still recovering from the Peron dictatorship, but since their climate and soils are similar to our own, they produce the same major grains and compete with us in world markets so that it has been difficult to develop mutual trade. South America is a hemisphere of contrasts between poverty and wealth, illiteracy and education, disease and good health. The economic level is generally low, but there is a desire to raise it and U.S. governmental policy will be a factor influencing their accomplishments.

An unusual situation exists in feed grains, particularly in regard to oats and corn. In the latter case the price level is the lowest since 1945, and that fact alone might recommend the purchase of this grain except the incentives provided by the loan program seem to have created such excessive supplies that storage space in many cases is just not available, and there is a good deal of distress selling in the country. Moisture is quite high, and according to the weekly report, corn in the northern section of Illinois is only half picked so that additional movement will be heavy. Prices including grade discounts are in some instances as cheap as was the price of oats when harvested in July, which is an unusual situation to say the least. A few beans have been moved by country elevators to make room for this corn, and for that reason the former commodity has reacted from recent highs. However, the export figure for last week totaled almost 6 1/2 million bu and was 3.3 million ahead of the same week last year. Since October 1st, clearances are more than 6 million ahead of 1959 so that there is every reason to believe soybean usage might be maintained at last season's level. It is unofficially figured that crushings last month were sizeable, which gives credence to this thought.

Primary receipts of wheat totaled less than a million bushels versus 1.7 million last week and 953,000 a year ago today. Kansas City and Minneapolis stocks have decreased a total of 504,000 bu so far this week.

Markets had a better undertone, and following some liquidation in soybeans during mid-morning, prices recovered, particularly the deferred. Corn held as wet weather temporarily delayed harvesting, but the forecast is for clearing and resumption of corn picking towards the weekend might cause some additional pressure. Soybean meal also has declined considerably, and many feel that finally a better attitude toward all feeds might develop, and consequently prices should recover. This could be particularly true regarding meal as it is an important feed nutrient, and at its present level can be considered rather cheap. Some export business was consummated in wheat, including some additional amounts of red sold to the U.A.R. Turkey also bought 33,000 tons of this type wheat, and is expected to take more. The state reports indicate that winter wheat in Kansas made excellent growth which is furnishing pasture for livestock. Sorghum harvest is nearing completion throughout the Southwest, and it should be noted that the size of this crop will create a further surplus adding to the total feed grain tonnage which is of record proportion. Both oats and rye firmed with short covering featured.

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CHICAGO, 4 November 17, 1960

President Eisenhower took strenuous action late yesterday to urtail the heavy flow of American gold and dollars overseas. To accomplish this, e issued a series of directives too numerous to mention here, but he stated that in he last three years a total of about $10 billion more had been paid out of the U. S. han was received from foreign sources. The resulting deficits have been settled by izeable outflows of gold and increases in dollar liabilities. One of the issues men-ioned by the President was the sale of our surplus farm commodities on basis of oreign currencies. He directed the Department of Agriculture to make an increased ffort to be sure that such cut-rate sales would not reduce the cash dollar sales f similar products.

We might point out that the Secretary of Agriculture previous-y had been directed under P. L. 480 to make available for export any agricultural ommodity which might reasonably be expected to be in surplus, and a certain form-la was carried out in order to have a sufficient quantity of such goods on hand for lomestic requirements. In this computation allowance was made for agricultural upports for dollars, and finally there had to be an adequate carryover in order to revent a squeeze that would seriously affect domestic markets. This has never een an easy job for any administrative group, for it required the taking over more r less the functions of supply and demand factors with the hope that everything vould turn out successfully.

It is difficult for us to conceive a radical change at this time hat would occasion the piling up of surpluses at home, and even if less dependence vere placed on the selling of merchandise abroad for foreign currencies, which night give those countries surplus dollars, we feel that Congress would be unwilling o halt the outgo of these shipments. We appreciate, of course,that any artificial pro-ram has its secondary consequences, but we are just as certain that the heavy ex-orts of agricultural commodities could not have been accomplished during the past en years except for the help rendered by the government. We do believe, however, hat programs that have encouraged gifts to other countries seriously affected our rade balance. We must realize that during the past seven years, the value of our arm exports amounted to $26.5 billion, which was the greatest for any seven-year eriod in history. Through various programs we have held down the accumulation of urpluses, and government economists have figured that had it not been for heavy hipments abroad through surplus disposal activities plus the Soil Bank, the accumu-ations might have risen $14 billion above existing totals. Thus the problem of gold hrinkage on the one hand versus agricultural surpluses on the other is not an easy ne to resolve. No nation under heaven has ever been so generous with its abun-lance and all this was possible even though more than 28 million acres of farm land vere taken out of production by the Conservation Reserve Program of the Soil Bank. Iad this not been done, those acres would have otherwise added to surpluses.

Statistics were completely ignored and most attention was directed to the President's warnings on gold. However, primary receipts of a million bushels were not far out of line with both last week and last year. Kansas City and Minneapolis stocks have decreased a total of 679,000 bu.

Actually soybean oil, which is the only product of beans that might be affected by any reduction of PL 480 operations, held rather firmly. Beans, however, because of the big open interest were subjected to liquidation, and there was a very sharp break although toward the last some recovery occurred. The Continent bought 3,000 tons of beans, and Japan purchased 5,000 tons. It was rather quiet in flour circles, but there was some export business, Greece having taken 15,000 tons of hard wheat and they also purchased 25,000 tons of corn and a small amount of barley. Corn was somewhat lower and the cash product sold at a big discount under the future with weather somewhat improved over the belt. While it is quite true that the Agriculture Department may re-examine the export situation under PL 480 to see if any goods are being sold for foreign currencies where dollars are available, we feel that they were already supposed to exercise such diligence in handling our sales abroad even before today's cautionary remarks were uttered. Wheat was only down fractionally, and according to the best advices now available, there will be a record volume of farm products moving abroad in the 1960-61 fiscal year. Gold and dollar holdings in most industrial countries are large while import barriers against U.S. farm products have been lowered.

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CHICAGO, 4 November 18, 1960

The President's recent directives, which ordered a cutback inoverseas spending, were aimed mainly to stem the outflow of gold and dollars. Beneath the surface there have been many programs in operation for such a long time that it might be well to review here what has happened for the past 15 years, during which time we have sent abroad huge quantities of food, money, medical supplies, tools, military equipment, and technical proficiency. It is an irony of history that the foreign competition the U.S. faces is at least in part an American creation. Without counting the assistance America has given through its participation in the U.N., this foreign aid program has cost the U.S. about $75 billion. The principal recipients have been the nations of Western Europe and Japan. Many factors have added up to this large export trade and no doubt the surplus commodities under P. L. 480 are an important cog, but certainly not the largest part. We think it is safe to say that if we had not sold these goods on basis of foreign currencies, many of them might have been purchased from other countries. The motives behind our actions are certainly clear enough. They were in part humanitarian-- a desire to assist the millions who are hungry or sick or homeless. Another part is self interest, a desire to rebuild the economic and military strength of the allied nations. It is not entirely new that the foreign aid program now comes up as the subject of extensive debate. Some people consider it the salvation of freedom; some call it a waste; others take a stand between these extremes. However, people of all viewpoints can agree on this: namely, that foreign aid has helped create an economic problem for the U.S. It has helped to make stronger competitors, as well as stronger allies, of nations abroad.

There was not too much news overnight except that the government had apparently sold a good deal of corn to exporters in exchange for scrip. On the other hand, movement from the country is not too heavy, but it remains to be seen how long pressure will continue on that part of the corn that is too high in moisture to be stored. The fact that the soybean oil market had advanced yesterday after the bean market closed was a little encouraging, although early prices for oil showed some sell-off. In any event, beans opened higher and there was not quite the nervous feeling that existed yesterday, although new buyers are still a little timid. We note with interest that with our economy on a high level, our people are eating less bread and flour products. The latest figure indicates that per capita consumption is running at the rate of about 118 lbs per year, while in the prewar period, 1935-39, it was 160 lbs. Thus even the increased population has not been too much of an offset.

According to the last Agricultural Outlook Digest by USDA, farmers' prices for 1961, as well as incomes, will remain at about the levels of the past two years. This will occur despite the heavy supplies which continue to be the dominant factor in the agricultural situation. If weather is average or better next summer, crop production will be large again. It is now thought that wheat exports from the U.S. may reach a record high, and USDA also believes that there may be increases for tobacco, soybeans, meats, and dairy products. On the other hand, declines should take place for lard, rice, feed grains, and horticultural products.

When the wheat visible is posted Monday, it will compare with a decrease of 3.8 million bu in 1959. Other statistics were not important as the wheat primaries were a million bushels, the same as last week, and a little less than a year ago. Kansas City and Minneapolis stocks continue to decline and the same probably will be true for Chicago when those figures are released Monday.

Turkey bought an additional cargo of red wheat under their allocation and the December future was quite strong, reflecting this and the prospect for a large foreign business throughout the season. Merchandisers in this section of the country and in the Southwest have sold some wheat and soybeans to make room for corn and milo, and as far as the yellow cereal is concerned, prices were lower again this morning as harvesting pressure mounts, and yield reports continue to indicate a very large yield. On top of this CCC offers corn in large quantities, both domestically and for export. Soybeans were erratic but prices recovered during the latter half of the session, even though meal has few friends. Soybean oil was strong with further export business under P. L. 480 in the news.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 21, 1960

Perhaps the marketing problem created by this year's corn crop will force a change from the present price support program. The economy of this nation has been hurt by the ever-growing surpluses, while at the same time farm income has declined. Those in the government who talk of emergency food reserves are only making excuses for the outmoded system of supports and the failure to end them. Small reserves are better than deficits, but this could be accomplished in moderation, as it is simply wasteful to spend money for the uneconomic storage of grain that in many cases finally deteriorates. This is being displayed vividly in the corn belt at present as farmers are selling this grain at what might be defined as "distress prices." For years they have built crib and other types of farm storage to accommodate increasing production but this year's record output on top of the two previous record crops has extended supplies to a point that there is in many cases no more room.

Much of the early harvested corn was stored but the over-run is being sold out of necessity, partly because the quality does not permit safekeeping. At the same time CCC is competitively selling from its stock to make room for the eventual take-over of corn that will be impounded. Since October 1st, this has amounted to over 9 million bu for domestic use. All of this has affected other commodities, and with record feedstuffs, the price level of each has been individually affected. Soybeans and wheat have been marketed in order to make room for corn. There is some thought that the same hardship might befall wheat farmers next summer, assuming another large crop is harvested and added to excessive supplies already accumulated. We doubt whether the government can discontinue the P. L. 480 program, but instead might be forced to increase sales by this method. Logically legislative changes must be made, and we are encouraged by a report emanating from a Washington news letter to the effect that the Kennedy administration favors a "two-price" plan for wheat similar to the type we have advocated often in this letter.

The American Soybean Association says that exports of this commodity by Red China during the ensuing season will about equal shipments made by that country last year. It is difficult to project very definitely the number of beans to be sold, as the Chinese can use the beans they grow. However, this crop may be the only one from which money can be made by overseas sales. Since Red China is the main competitor of the U.S. in the world soybean market, her exports can affect the amount of beans sold by our country. It is interesting that the Soybean Association points out that a smaller part of the U.S. crop is being stored this year than last and theygive percentage figures in a number of states to substantiate this fact. The first official Argentine flax estimate forecasts a crop of 25 million versus 32 million last year, but is pretty much in line with private estimates.

Our wheat market was firm after the opening this morning,again pointing out the slack selling situation in the Southwest. Also some additional red wheat is being sold to Poland with the UAR expecting to buy tomorrow. Turkey also purchased 15,000 tons from their authorization, which news was reported Friday.

During the week wheat stocks in Chicago declined 317,000 bu leaving less than 11 1/2 million bu. Corn increased as gathering of the crop in Illinois now is reaching its final stage, and an additional 4.8 million was added in our market, giving us a total supply of 25.3 million, most of which is owned by the CCC. Oats decreased 144,000 bu,leaving 7.8 million bu, and we note that with the aid of a 12¢ export subsidy, sales are being made abroad which has resulted in the buying of cash oats in Chicago that have been sold at less than a delivery basis in order to make room for corn. Rye stocks declined by a small amount so that 2.9 million bu are still stored locally. Bean stocks decreased 41,000 bu, leaving 14.6 million.

Markets were somewhat erratic this morning with volume a little less than last week, and beans finally closed unchanged after rallying in sympathy with soybean oil which was firmer after a lower opening. The meal has improved, featured more by short covering with the cash market not yet strong though a better undertone is reported. December wheat equalled the previous crop high, but profit taking ensued while corn was influenced by short covering which was the first indication of support in this cereal in some time. Rye was under additional pressure, and sold in new low ground.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 22, 1960

The American people are eating as well as formerly, but they are consuming fewer calories. It is expected that in 1960 the intake will be 3, 200 per capita, which is slightly less than in 1959, although it is a little more than 1958, and down from 3, 310, the 1935-39 average. We are consuming more proteins and other nutrients but fewer carbohydrates. In order to meet the food demands of our growing population, we must continue to produce larger quantities of foods which our people like and can afford to buy. Meat production in 1960 is expected to be 28. 3 billion lbs., which compared with 16. 1 billion the 1935-39 average. This provides 161. 2 lbs. per capita compared with 127. 0 lbs. formerly, and is 27% more. Consumption of poultry has gone up even faster than meat. Chicken consumption is 118% more than the depression years, (1935-39), and it is also 56% more than the 1947-49 average. The total chicken production on a ready-to-cook basis in 1960 is expected to be 5. 3 billion lbs. compared with 1. 7 billion in the late depression years, and a billion lbs. more than that in the 1947-49 average. Turkey production and consumption has also advanced similarly to chicken. Eggs, which consumption per capita is declining, are still produced well in excess of the 1935-39 average but during 1960 will be off 5% from the previous year. We are consuming a lot more dairy products, and fats and oils, with the exception of butter and lard, which will be made up by increases in shortening and other edibles. However, our total consumption of fats and oils per capita shows little increase and is almost constant. We are eating fewer fresh fruits per capita but more frozen and canned juices, as well as more canned fruits. Thus it requires larger production of fruits in-total to provide for our consumption. Also the general pattern shows more vegetables consumed, but different methods of distribution. Frozen vegetables have increased tremendously percentagewise, but there have been large percentage reductions in other forms. The over-all grain consumption per capita has not changed a great deal, with some exceptions, such as wheat flour, which is down one-fourth from 1935-39, but even this has required an increase in the total amount of wheat to supply food needs.

Since the CCC reinstated the export program on oats, they have granted subsidies at rates that have permitted sales abroad. This, of course, was the intent of the program inasmuch as oat stocks were piling up in Chicago and elsewhere in commercial channels, and there appeared to be no adequate outlet to relievethe accumulation. Already the program has been the means of relieving surplus stocks in the East, and reaching as far west as Chicago. Due to the congested elevator situation here, oat handlers have followed the pattern of other grains and sold at prices lower than a delivery basis in order to take advantage of the low cash basis for corn to replace the stocks of other grains moved out. While some shipping sales of oats have been made from Chicago, they have not been in sufficient volume to relieve the market of the heavy amount that came here at harvest time. This export business has also come at a time when there were signs of the corn movement to Chicago lessening, and the extreme corn pressure now seems to have been relieved so that the cash basis has advanced 2¢ in the past two days, and there has been some encouragement in futures with a small price advance. It was noticed today that there was very little hedge type of corn selling in the pit, and actually some buying appeared from commercial interests. The heavy pressure of CCC corn, which brought considerable selling into the futures market last week, has also disappeared so it may be that the corn market has turned from the severe depths to which it had reached at the country level. Harvest is quite well along in Illinois, and there are some reports, although not numerous that farmers, after filling their cribs, are leaving the balance of their corn in the fields believing that what losses they might sustain in quantity will be more than made up in lowering the moisture content, and that delay in marketing will find a better country price level for them. Chicago corn stocks have not increased a great deal primarily because elevators have been so filled with other grains. There is now about 4 1/4 million bu free corn in Chicago after an increase of 1 million bu last week.

It appears that soybean meal continues to press on the market so that some very low prices continue to be recorded in the cash market. The October domestic disappearance was larger than last year from a crush of only slightly more than 1959. It may take time for soybean statistics to be affected marketwise, but we think that this will happen.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 23, 1960

At last week's Annual Meeting of the National Agricultural Outlook Conference, several very interesting papers were presented pointing up the progress in agriculture for the last ten years and forecasting the developments to come in the years ahead. It was noted that in the ten years from 1950 to 1960, there was an increase in population in this country of 20%, and these people were fed with the widest variety of food and at the lowest relative cost in our nation's history. This was accomplished on 5% less acreage, and on 20% fewer farms, with 20% less labor. The two primary forces which brought about these changes were increased mechanization and higher yields per acre. Looking ahead to the 60's, it appears evident that cultivated land will continue to move out of crop production and farm labor will keep moving into other occupations. Moving to the demand side of the picture, it was brought out that the outstanding development in the 50's was our broadened export policy meeting the needs not only of the cash-paying nations, but also of the underdeveloped countries. The "Food for Peace" program embodies the special export programs authorized by P.L. 480 and the Mutual Security Act, and includes foreign currency sales, donations, barter, and long-range credit. These programs have encouraged the movement of our agricultural commodities to needy groups and countries, which could not otherwise fulfill their requirements. Although these nations are now increasing their production, it is not at a fast enough pace to meet the increased demand, and, therefore, their need for importing these products, particularly grain, is expected to increase. It was pointed out, however, that we should not allow these special export programs to deter us on assisting these underdeveloped countries to finally become self-sustaining.

A report on the feed grain situation pointed up that 1960-61 is following a pattern similar to recent years. Supplies of feed grains and concentrates have reached a record high for the 7th straight year. Even though total disappearance of feed grains has also been rapidly increasing, nevertheless, it has constantly fallen below production, and this year should be no exception resulting in a still further increase in the carryover. These continually increasing supplies have resulted primarily from the large increase in yields, while the total feed grain acreage has been holding relatively unchanged.

The outlook for fats and oils is for supplies for the next year, although large, to be somewhat lower than last year's record, with the expected increase for cottonseed oil and butter offsetting the decrease in lard production and the reduced carryover of soybeans. Domestic per-capita use of food feeds in 1961 is estimated to continue at the rate of the past three years, and it is anticipated that exports of fats and oils will continue at last year's record high level.

Before the market opened there was not much grain news to guide us. The USDA released their report on grain under price support through October 31st, which showed wheat impoundings at 355.8 million bu, up 93 million over last year. However, considering the greater size of the crop, this came as no surprise. The soybean loan totaled 3.6 million bu, which was almost 2 million less than last year, but this was to be expected with prices above the loan. Oat impoundings were 12.9 million against 6.6 million last year, and rye was 2.9 million vs. .7 million. Corn, with 2.5 million under loan, was slightly less than a year ago.

Primary receipts of wheat were 775,000 bu against 916,000 last week and 907,000 a year ago. Stocks in Kansas City and Minneapolis have decreased 369,000 bu so far this week.

The Illinois weekly crop report stated that although corn picking has been hampered by showers and high moisture grain, it is making relatively good progress. 80% of the crop has been harvested, which is nearly 2 weeks behind average. Although the dockage for high moisture is heavy, the yields remain well above average. In Iowa the corn is 70 to 75% picked compared with an average of 85% for this date. Record yields have been obtained in Nebraska where corn is 90% picked, and the milo harvest is virtually completed.

Broomhall speaks of recurring rainy weather causing further delay of all plowing and planting in many European countries where it appears virtually certain that acreages will fall short of earlier expectations, and in some cases considerably short.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 25, 1960

It is expected that the realized net farm income will be about the same his year as it was in 1959. For the first 9 months of the year, this realized net ncome was at an annual rate of $11.4 billion compared with $11.5 billion for the ame period a year ago. This better than anticipated farm income has resulted both rom increased output of wheat and soybeans, and from a smaller than expected inrease in production costs. The volume of farm marketings is up 3% from a year go, and should result in record figures by the year's end. The increase in maretings has taken place in both agricultural crops and livestock, and has more than ffset the 2% decline in the average prices received by farmers. This has resulted n an annual rate of cash receipts of $33.5 billion, almost 1% higher than last year. Vhile the cash receipts for livestock were about the same as in 1959, they were igher for crops due to sizable gains in receipts from wheat, corn, soybeans, and otatoes. Although government payments to farmers held at about the same level, heir non-money income was somewhat smaller, offsetting the gain in cash receipts. Expenditures so far this year are only slightly higher than 1959, showing an annual ate for the first 9 months of $26.3 billion versus $26.2 billion. Farmers were ided by lower prices for feed, feeder livestock, and fertilizer, but this was lightly more than offset by higher interest, taxes, depreciation, and wage rates.

The outlook for 1961 is for relative stability in cash receipts, producion expenses and net income. The record farm output of this year may increase ven further in 1961 given only average growing conditions. As of this date, these onditions for next year's crop appear to be better than average due to the ample upplies of moisture which have been received this fall. On the other hand, prices f agricultural crops should hold about steady since under present law the minimum rice supports for most of the major farm products will not differ much from those resently in effect. It is expected that cattle prices will decline due to heavy maretings while hog values should hold steady. The level of dairy products might e higher for the year as a whole although egg prices may decline late in the year s marketings are increased. It is also thought that production expenses will coninue stable into 1961 with little change to come in the production items although nterest payments, taxes and wage rates appear likely to again be higher. This hould present an encouraging picture to the individual farmer since with aggregate arm income stabilized, and with the rapid downtrend which has taken place in arm members, the income per farm has seen a good rise.

Primary receipts of wheat were 1,494,000 compared with 1,058,000 ast week and 1,434,000 a year ago. Stocks in Kansas City and Minneapolis have ecreased 627,000 bu so far this week.

The Oklahoma weekly crop bulletin reports that fall harvest operations ontinue unabated as mild weather prevailed during the week. Both the surface and ub-soil moisture remains generally adequate over the state, and the small grains re in good to excellent condition and making rapid growth. Broomhall states that n Argentina temperatures have become moderate after the recent cold spell, and he small grain crops have been making mostly good headway. However, it is exected that there will be considerable variation in yields owing to the extremes in veather which have been experienced since the season started, ranging from rought to excessive rains, and from abnormally high temperatures to the unseasonl frosts. At best it is expected that wheat production will fall considerably short f a year ago, and that the surplus will be of quite modest proportions. Corn has otten off to a good start on a fair to possibly good expansion in acreage.

Export business continues in wheat as Chile bought 10,000 tons West Coast hard wheat, and 13,000 tons of West Coast white wheat. The USDA also nnounced an increase in wheat purchase authorization by the U.S. government to ran under P.L. 480. An amendment provides for the purchase of an additional 1,240,000 worth or about 20,000 metric tons of wheat from U.S. suppliers. Our narket reacted somewhat, however, on talk of a possibility that Poland may switch ome of their red wheat allocation into hard wheat. The soybean market drifted omewhat higher on relatively light trade as oil continued firm and meal rallied rom the low prices of the day. The corn market declined under the pressure of edge selling as commercial interests anticipated cash purchases to be made over he weekend.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 28, 1960

It now appears that world corn production for the crop year 1960-51 will set a new record high of just under 8.2 billion bu. This is approximately 3% above the previous record harvest in 1959, and the first time that world output as reached 8 billion bu. One of the factors leading to this high production is the ecord harvest of 4,379 million bu of corn in the United States, which accounts for 54% of the world's total. Although the current outturn is only 18 million bu more han a year ago, this harvest was achieved through record yields on about a million cres less than in 1959. However, for North America as awhole, production was ,653 million bu, a little less than a year ago, which was partially due to a slightly educed Canadian crop of 28.5 million bu. Also offsetting the record crop of the Jnited States was Mexico, where it is still too early togive firm estimates, but the acreage is considerably smaller due to unfavorable planting conditions, and the yields are forecast below a year ago.

In Western Europe a crop of 330 million bu is anticipated versus 297 million bu last year. This increase comes mostly in France where produc-ion is up 31 million bu from last year to a total of 103 million bu. There they had a sharp increase in acreage and higher yields by almost 10 bu to the acre. Al-hough somewhat smaller than last year, Eastern Europe, nevertheless, again had a large corn production. Both Yugoslavia and Rumania, although harvesting less han the record of 1959, still have a well above average output and should be active mporters in the coming year. Information is not complete from the Soviet Union, ut their corn production is expected to be well above last year and approximating he record harvest of 1959. If this is borne out, then they, too, may be good ex-porters this year. Production in Asia is only slightly larger than last year but 24% above average, while in Africa crops are still in the early stages of growth, so it s too soon to get any firm indication. However, it is estimated that the output will be about the same as last year's above average harvest. The acreage in South America is expected to be larger than last year, so given growing conditions that are average of better, they should see an increase in production.

Chicago wheat stocks decreased 306,000 bu leaving 11,030,000 bu ere while wheat afloat remained unchanged at 128,000 bu. Soybean stocks de-reased 699,000 bu to 13,892,000 bu, while corn increased 1,519,000 to give us otal stocks of 22,878,000. Oat stocks decreased 331,000 bu to 6,304,000 while rye ecreased 29,000 to a total of 2,634,000. The amount of these grains afloat re-nained unchanged.

The American Soybean Association looks for a tight supply situa-ion in soybeans due to the strength of exports so far this year. They are running bout 6 1/2 million bu ahead of a year ago with 28,857,468 bu shipped between October 1st and November 18th compared with 22,336,442 bu for the same period year ago. The October crush was 35,563,000, just fractionally higher than last ear.

The Des Moines, Iowa Register reports that corn in that state is oing under the loan wherever it is dry enough. There are some counties, primar-ly in the eastern sections where the corn is carrying too much moisture to store ithout risking spoilage, and where farmers are forced to sell at extremely low rices. There is a shortage of permanent cribs, and farmers are having difficulty btaining the materials for temporary shelter, so as a result huge piles of corn can e seen on many farms. Bookings of corn were good over the weekend along the llinois River, but very little rail corn was sold. Sizable hedging was in evidence n our market this morning, but short covering more than offset this and held the orn firm.

Exports continue in wheat as Poland was a good buyer of hard heat, and some parcels of red wheat were sold out of the Atlantic. Nevertheless, ur market declined led by the nearby future where liquidation is occurring as the irst day of delivery draws near. Under present conditions, however, we would ot look for very much in the way of wheat deliveries.

Beans were relatively unchanged, trading in a very narrow range s oil was slightly lower while soybean meal advanced. The latter was probably ostly due to the first real cold spell of the year which is moving into the Midwest.

The visible supply of wheat decreased 6,278,000 bu for the week, ut is still 81,773,000 bu larger than a year ago.

UHLMANN GRAIN CO.

[illegible]

[illegible] crop [illegible] world's total. [illegible]

In Western Europe a crop of [illegible] than last year. [illegible] million bu. from last year to a total of 101 million [illegible] increase in acreage and higher yields [illegible] wheat [illegible] than last year [illegible] per cent of [illegible] production is estimated to be [illegible] this year. [illegible]

[illegible] 15,332,000 bu. white corn [illegible] of 22,675,000. [illegible] stocks [illegible] 16,000 to a total of 1,594,000 [illegible]

The Argentine [illegible] million bu. [illegible] 38,567,000 [illegible] The October crop was 38,[illegible]

[illegible] There are some [illegible]

[illegible]

[illegible] of wheat [illegible] 1,228,000 [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 29, 1960

For the past two decades the marketing machinery of American rain markets has been adversely affected by artificial programs instituted by our overnment. In an attempt to obtain temporarily higher prices for the producer, ney completely ignored the fact that price structure is directly related to the comlexity of civilization. They failed to recognize that prices could not be artificially et or that inflexible rules could be adopted without hampering the distribution of oods, thereby setting up enormous surpluses. While some progress was made in ne exportation of surplus commodities under P. L. 480, the bartering of one item or another took us back to the medieval days, and obviously in a complex society ve need broad markets to facilitate more than $700 billion worth of trade, which is he dollar volume of transactions currently conducted by manufacturers, wholesalers, and retailers. Bartering serves nicely for small boys swapping "yo-yos" nd can even be used to acquire a center-fielder at the cost of a surplus short-stop, ut the U.S. has long since passed the stage where such crude trading should emain a part of our daily life.

Furthermore, our markets fared far better when the pattern of conomic life prospered in a climate of open competition with ultimate control restng firmly in the hands of the consumer. We struggled for years but arrived at this ystem through a process of evolution, drawing not only upon our experience, but ipon the lessons learned by other nations. Our economy is characterized by abunlance, with an increasing measure of prosperity accepted as the natural state of ife. This is really an incredible phenomenon for in every previous century, in very nation, a strenuous effort was required/merely to sustain life. As a matter of fact, ooverty was the accepted fate of millions. The sudden change to an economy of lenty has not only rewritten the rule book of pricing but has encouraged politicians o adopt artificial controls, which never have succeeded and which by their many aws never will. It is, therefore, to be hoped that we shall meet realities and try o preserve the market place for American agriculture.

Before our market opened this morning, we had the Census Bueau report, showing a larger stock of soybean oil and likewise increased quantities f cottonseed oil than last month, and they were also larger than last year. There vas scattered selling in soybean oil at the opening but buying in meal was mixed. n wheat further liquidation in December was the feature and farm selling in Kansas nd some of the adjoining states has picked up slightly but really not enough to be of ny great importance. Weather turned cool over the belt with freezing temperatures s far south as Texas. Some light snow flurries were reported over the corn belt, nd there was a hard snow in Springfield, Illinois.

The London stock market was steadier this morning in contrast to esterday's sharp decline that plunged industrial shares to a new low for 1960. ome investors were starting to be seriously worried about Britain's economic ituation both at home and on the foreign trade front, but this has not had much nfluence here either on our stock market or in grains.

Primary receipts of wheat amounted to 915,000 bu which compared ith a little over 1 million bu last week and 1.2 million bu last year. Kansas City nd Minneapolis stocks so far this week show a total decrease of 610,000 bu.

Markets were not too active early in the session. Beans were ather firm, but later on ran into stop loss selling, and in spite of some commerial buying, the close was weak. Wheat was rather firm and there seems to be ome export trade in the making, but there is certainly no pick-up in flour inquiry. he free stocks of wheat in Chicago declined 306,000 bu last week, leaving about 1 million bu here which will have to last until the next harvest as the amount comng in is small. December oats were very weak, and the trade expects liberal teners against the December contract. We doubt whether there will be very much orn delivered, and while there was some country selling, it has subsided so that e had no real weakness in our futures market. It is difficult to estimate how much heat will be tendered; some believe only about 1/2 million bu, others think that it ill run closer to 2 million. There will also be some rye tendered, and as far as his cereal is concerned much will depend upon the quantity finally impounded. Up now about 3 million bu is under government support. Poland reportedly bought 00,000 bu of red wheat via the Gulf, which may have had something to do with rmness in the nearby month.

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CHICAGO, 4

November 30, 1960

Even close students of American history may have forgotten some of the important population statistics, and so we shall reminisce for a moment to remind them that in the America of 1700 the population was only 275,000, and at that time 95% of the people lived in rural areas. Even as late as 1820 no city had a population of 125,000. However, since 1700 our population has roughly doubled in each generation. It now tops 180 million. Two-thirds of the people live in urban areas so that most people are well removed from the farms and factories that produce the products which they buy.

According to one of the economists of the Du Pont Company "It is only because there has been progress on the farm that the U.S. is able to devote so much of its attention today to industrial pursuits. Had America continued to use the agricultural tools and techniques of 1860, almost two-thirds of the population would still be working on farms. To make the prospect completely preposterous, the present population could be fed only by assigning more than two billion acres to farming -- more land than there is in all of the Continental U.S., including mountains, deserts, and the land beneath lakes and rivers. In both industry and agriculture, it has been the development of the machine, the application of science to the problems of production, and the investment of tremendous amounts of capital that have created the abundance of today."

After the close of the market yesterday the soybean exports were posted showing 5 million bu shipped during the week which was a little more than the week before, but slightly less than a year ago. The cumulative total is about 6.3 million larger than for the same period in 1959. Beans opened somewhat lower this morning, probably influenced by further weakness in the oil market. The state reports showed that corn picking had advanced quite rapidly, and in Iowa was 85 to 90% completed. The high moisture content has caused delays and this seems to be a problem in some areas. In Nebraska, harvest season is rapidly drawing to a close, and the corn crop is better than 95% picked. The condition of winter grain crops in that state showed a further decline due to prolonged dry weather. Some sections are critically dry and all areas need moisture.

The strike by Canadian grain handlers at the Pacific Coast was officially settled yesterday, and the men are now back at work. There is no sign of any business in Canadian grains for export except for a few small parcels here and there. According to Broomhall weather conditions in Europe are mixed. They had unwanted rains in several countries which caused delays in planting. Elsewhere clearing conditions permitted resumption of field work. There will probably be curtailment of acreage due to the long spell of wet weather. In France, for example, planting operations are near a halt now, and the acreage sown to wheat is only about one-half that planted at this time last year. Some of this, of course, could be overcome by added spring plantings. Australian wheat harvest seems to be making good headway, and it looks like a large wheat crop is in prospect. On the other hand, Argentina has suffered some losses, and earlier adverse weather seems to be affecting the crops. They now need warm sunny weather to hasten maturity and to facilitate the harvest.

Primary receipts of wheat were quite small and amounted to only 470,000 bu. This compared with 775,000 bu last week and 859,000 bu last year. Kansas City and Minneapolis stocks together decreased a little over a million bu.

Wheat was very firm and the December future in spite of moderate deliveries showed greater gains than the later months. Late yesterday Poland was supposed to have purchased an additional 600,000 bu of Gulf red wheat for January shipment. Beans were subjected to further liquidation, but there were full recoveries from the low point. Traders were timid owing to the fact that meal prices did not hold an early bulge although oil was finally higher. Conversion ratios are not particularly attractive. According to a New York dispatch, Antwerp, Rotterdam and Hamburg had together taken about 6500 tons of soybeans for January shipment, and Morocco is slated to buy about half that quantity of beans from the Atlantic, but so far there is no confirmation. Wheat continues to make growth in Kansas although some yellowing of early seeded fields is noted due to leaf rust or nitrogen deficiency. Rye was lower again and moved into new territory on the downside. However, the market might be affected by the fact that recent liquidation has been pretty thorough. Oats were weak because of large tenders.

UHLMANN GRAIN COMPANY

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 1, 1960

Even in an expanding economy periods of recession set in though they often are little more than a leveling off from a newly reached plateau. Such is probably the case in America at present as a recent survey of expenditures for new plant and equipment indicates that the rise of the past two years has been more than maintained in 1960 but might lag slightly next year. What seems to have happened is that there is no shortage of goods or services, and that our society must digest and consume greater output as this country's capacity to produce has for the time being overtaken the demand. There is little doubt that we are in an era of technical advancement, and in ten decades our use of mechanical energy has multiplied an estimated 185 times. Machines do 99% of the work in this country versus 35% in the 1850's. At that time men, women, children and animals were used to create goods in less sufficient volume than the standard of decent living required, even then. After all, a nation's capacity to produce goods and services is based on the size and the training of the civilian labor force, and for this reason the U.S. and other western countries are so far ahead of many large areas in the world where man power is available but never has been developed.

During the month ended November 15th the parity ratio remained unchanged from the previous monthly reporting period, but was up about 4% from last year. The family living index advanced one point to about its highest level as auto prices increased and seasonal improvements occurred in food and apparel values. At the same time, farmers were forced to pay more for feeder and replacement livestock, which was about offset by lower feed and farm supplies. The major rise in parity in the past 12 months has been due to higher taxes, wage rates and interest, by which, of course, all Americans have been affected.

The major feature to our market was the tenders which were announced yesterday and were heavy, especially of oats. Including redeliveries, over 5 million bu were put through the Clearing House on the first day, of which we had been warned during the past weeks as local supplies have been unusually large and a great deal of liquidation has occurred. A fair amount of wheat circulated, over half of which was stopped, and the strength in the market indicates that exporters and millers might require all of the red wheat in Chicago before the season's end. In the Southwest tightness prevails with farm selling limited, and it is thought that further advances must occur before producers show a willingness to sell. A fair amount of overseas demand for hard wheat is in the offing though other countries, including Russia and Australia, seem to be actively competing with the U.S. Clearances by the U.S., according to Broomhall, have totaled about 70 million bu more wheat than by this time in 1959, and corn exports since October 1st are running slightly ahead of last year at 36 1/2 million bu. Oat shipments are lagging while foreign sales of rye are 2.6 million bu vs 1.8 million last year. In so far as the latter grain is concerned, it might be that much of the liquidation has now ended as the open interest in the December after yesterday's tenders will be very small. Additionally the price is low enough to encourage impoundings, and we would think that the purchase of this commodity at around present levels would entail a small risk.

Markets were mixed with corn easing during the latter part of the session as commercial interests were particularly heavy sellers. Evidently they bought corn from the CCC which does not help the plight of the yellow cereal even though the Chicago spot market is improved. Soybeans were barely steady during the morning despite strength in the meal which was the first evidence of real support based on a better undertone for the cash product. Oil on the other hand was lower. Oats and rye both were influenced by short-covering, but the amount of deliveries circulating should continue until many of the speculative longs are out of the nearby months. Regarding oats, elevators are more inclined to stand for delivery as nearly a full carrying charge enables them to retain possession of this grain on a favorable basis. Wheat reacted toward the end but it is still thought that much of the Chicago stocks finally will be utilized, thus making deferred months rather attractive, particularly on setbacks.

Primary wheat receipts were less than 800,000 bu compared with 1.4 million bu last year, while Thursday a week ago was a holiday. Kansas City and Minneapolis stocks decreased 1 1/2 million bu.

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CHICAGO, 4 December 2, 1960

It is still rather difficult to forecast what type of farm legislation may be enacted during the coming session of Congress, particularly as we do not yet know who will be the new Secretary of Agriculture. However, the fact that President-Elect Kennedy has intimated that he would seek to provide parity income comparable with industry for farmers leads some people to believe that attempts will be made to bolster the price of some agricultural commodities in view of the fact that cash corn in the country has sold at the lowest levels in many years. By the same token rye and oats have been depressed. Wheat, of course, has been helped by the large outward movement and shipments abroad are running well ahead of last year. We hope that in considering different programs our legislators will take into account the fact that America chose long ago to build its economy on a competitive base, with the price structure kept free from arbitrary control. It would be very simple to let our grain markets function normally according to supply and demand factors, and if necessary pay the farmer a subsidy even though this may be contrary to the philosophy of some persons who may not realize that we are already subsidizing the Post Office, the Air Lines, the Merchant Marine, and a host of other industries.

Our present way of life under a free enterprise system has produced a nation of tremendous wealth, granting the widest degree of freedom to its people. It has provided for the fiscal needs of its people, made possible a broad range of cultural and educational activities, and has provided ample wealth to support a vast and powerful defense establishment. Any attempt to control prices or limit the consumer range of choice because of artificially high levels can only deprive him of his essential liberty and divert the U.S. from its course. It is highly important after three decades of experimentation, which have brought about these accumulations that we aim to foster a system that will not deprive the producer of his markets, because if these are lost, he will in the end be solely dependent on the government in the marketing of his grain.

When our market opened this morning, there was a little commission house selling in wheat but trade was generally light. Iran was said to have purchased 20,000 tons hard wheat via the Gulf and Japan had purchased some parcels of soybeans. The previous rumor about Italian purchases was still difficult to verify.

Some of the counties downstate report that 80 to 85% of the corn crop had been tested for loans and was passing moisture requirements. This in our opinion would indicate that movement to market might be confined to rather small quantities at least in the areas where room is still available. There was no rye accepted under the government subsidy; in fact, the 80,000 bu offered had been refused, but it appears to us as though this market had probably turned the corner and that at present price levels, it is quite doubtful that the country will be a big seller.

Primary receipts of wheat were moderate at 830,000 bu. This compared with nearly 1.5 million bu last year following the Thanksgiving Day holiday. It compared with 696,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.8 million bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 6.2 million bu. All figures with respect to the visible do, of course, not reflect the additional terminals that were recently added.

Markets were much more quiet than of late. There was early firmness in wheat, and in fact most of our commodities started somewhat higher, but there was no great enthusiasm to buy and it seems that flour business is at the season's lowest ebb according to The Southwestern Miller, and it may be that some of the recent export sales came from government stocks. At times there was a little professional buying in the bean market, but there was also some selling by an elevator interest, and it is thought by a few people in the trade that clearance figures the next few weeks will show up poorly in comparison with exports lastyear. Corn had a rather strong undertone early, particularly in view of yesterday's hedge selling against government sales. However, this market also failed to hold and there was no important support. Meal and rye were both commodities that did better, Buying of beans was slow. The oil market was just a shade lower. At mid-session it was reported that India had purchased 70,000 tons of hard wheat for January shipment at the Gulf, and Italy bought 30,000 tons, but neither of these transactions seemed to have much influence on the futures market.

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CHICAGO, 4 December 5, 1960

Despite the trend toward commercialization of American farming and the fact that farmers have dwindled in number, agriculture still is a vital feature of our modern economy. Only about 10% of the population is in the actual production of agricultural goods, yet 42% of the jobs in the U. S. are connected with this industry, including those who manufacture and sell machinery, as well as handlers, processors, and others in the marketing end of this business. Historically. prophets have predicted that population growth would exceed food supplies, but the opposite has been proved in our country, where agriculture has been utilized as a world-wide force for peace.

The future demands even greater productivity, particularly for fresh fruits, as well as meat and dairy output, and it can be seen that even with the unusually heavy feed grain increases, consumption has almost kept pace, so that in some areas even greater advancement will be necessary in order to feed and clothe the American people in the coming years.

Long-range planning will be of necessity the key to our economic future, especially in agriculture where many problems are apparent. For example, with urban life expanding, approximately 4,000 acres of land are converted daily to cities, roads, and airports. With less land available, continued technical progress will be necessary, yet a few farm products have been produced in excess, so that the problem of waste also is apparent. Resultingly when we move toward curtailment of these surplus supplies, other segments of the economy are affected; for example, the steel industry, where agriculture has a larger inventory of steel than the automobile industry. Consequently, it is hoped that more of a balance between available land, production potential and markets will be developed through constant efforts by our government as an instrument of the people acting in the best interest of the country as a whole.

Cooler temperatures are in store for the middle regions of the U. S., including some snow, which are normal for this season. Broomhall says improved weather aided ripening and harvesting of small grains in Argentina, and comments on an improvement in their wheat crop. Adverse conditions earlier will result in only a modest surplus. Some of the fall plowing and planting in Europe might go undone with poor weather deterring field work generally up until now. Some concern has been shown for the wheat crop in Pakistan due to inadequate soil moisture, and prospects are for a smaller crop than in 1960, in which year even with a high level of production imports are expected to total 50 million bu, mostly from our country.

About 3/4 of a million bu of beans in Iowa that were taken over by CCC were sold during the last week of November, reducing this government agency's inventory to less than 4 1/2 mil. bu, which means that most of the marketings in the coming months will be from free supplies. It is noteworthy that the spread between soybeans and the products in November declined 3¢ from the preceding month and is a good deal less advantageous than a year ago. During the past week meal has advanced considerably, which should aid, although this in part has been offset by oil, which has lost some of its gain. CCC continues selling corn. Since October 1st over 26 million bu has been moved, both for export and domestically, which compares favorably with 1959.

There was a little better undertone all the way around this morning, but volume was somewhat less maybe because of the fact that we are approaching the holiday season of the year where very often price movement is more difficult to determine. With the corn crop almost fully placed, pressure has eased. Receipts are not as burdensome as during the past few weeks so that support came into the futures, particularly deferred months, and though we feel it might be some time before the large crop is digested, better sentiment is being expressed. Soybeans improved without much help from the products, and we must see whether exports in the coming weeks compare favorably with comparable periods last year when they were quite heavy. Stocks of this commodity actually increased in Chicago last week by about 400,000 bu so that 14.3 million are in local elevators. At the same time wheat showed a small decrease to a little over 11 million bu, while corn supplies enlarged by 610,000 to 23 1/2 million bu. Oat stocks declined to 6 million bu while rye decreased slightly leaving 2,857,000 bu including that which is afloat. Some of this grain continues circulating on delivery as do small amounts of wheat and a fair amount of oats.

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CHICAGO, 4

December 6, 1960

The State Department, which acted under an Administration order, has prohibited the spending of about $400 million of foreign aid funds in nineteen economically strong countries. In other words, it was felt that the help we are giving friendly allies to support their economies should be more or less used here instead of elsewhere. This may in the end help our foreign trade balance and stop the large outflow of gold from this country. Even before this time the sharp upsurge in gold prices had subsided, and this morning forexample, gold was quoted in London at $35.40 per ounce, which is only slightly above the statutory rate plus shipping costs. However, we have lost about $1.3 billion of this precious metal since mid-year, which has dropped our stocks below $18 billion, which is the lowest in the last two decades. Recent evidence of the deterioration in our third-quarter payments position emphasizes our problems.

When the price of gold was run up in international and speculative markets, it was a timely warning that even a country extremely resourceful would have to take some steps to protect its own interests. Moreover, we could not afford to have any distrust of the American dollar, which had always been regarded as being sound as the Rock of Gibraltar. Of course, devaluation is not the answer to our problem. It would be like changing the readings on the thermometer but would not give us a larger supply. We do not imply here the devaluation may not finally be forced upon us but certainly there is no reason to suspect that it will come within the foreseeable future. If we revalued gold in terms of dollars, it would merely create an illusion of a more favorable gold stock, but on the other hand, it would simultaneously increase the cost of imports, hitting domestic industry and the home market and making it more difficult for foreigners to sell here. Indeed, our aid commitments, which almost certainly will continue to be large, would be more costly. Besides all this, devaluation in any country has always impoverished those on fixed incomes and has been harmful to endowments. Also, any act on our part would almost certainly lead to roughly offsetting moves by major foreign currencies. This might set off a whole new series of world inflationary steps at a time when such pressures have been held well in check and it would inevitably interfere with price stability which every sound nation is seeking. Our first impulse and duty are not to devalue the dollar but to defend it at practically any cost.

When our market opened this morning, there was a considerable amount of buying in various pits. One house with export connections purchased December oats, and there was also the lifting of hedges in March wheat and in corn. Much of this was thought to be against foreign business.

Primary receipts of wheat were 789,000 bu compared with 951,000 last week and 982,000 a year ago. Chicago free wheat stocks decreased 113,000 bu to a total of 11,054,000 bu. Free stocks of corn meanwhile increased 612,000 bu, bringing the total in Chicago to 6,358,000 bu. Oat stocks decreased 400,000 bu and rye decreased 24,000 bu, while beans were up 410,000 bu giving us a total in Chicago of 14,302,000 bu.

The wheat market was relatively quiet today, and the only export business that was announced was a cargo of West Coast white wheat to Pakistan for January shipment. It was reported in the Southwest that exporters were more aggressive bidders for cash wheat while farm selling picked up somewhat. An increased hauling of wheat from farm bins was noted, presumably in preparation for sales after the year-end. Some commercial type buying was in evidence in beans early in the session, and along with the temporary strength in oil they rallied about a cent. However, the soybean meal market opened lower and continued to lose ground all morning as the cash was offered at $47.50, about a dollar lower than yesterday. This weakness in meal finally had its effect on beans, and they lost all of their earlier gains. Feed grains remained firm however, as export buying was in evidence in oats. It was reported that 5,000 tons were sold to Antwerp-Rotterdam for February shipment. The open interest in the December contract has been declining rapidly, and this has put an end to the large scale liquidation which was witnessed earlier in the month. Corn also was strong as it is becoming more difficult to buy corn in the country, and Chicago receipts are decreasing. The spot market in Chicago, however, remained about unchanged from yesterday at 3 to 4 under the December contract.

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CHICAGO, 4 December 7, 1960

The Communist leaders of the world recently stated that war can be prevented and the East and West can peacefully coexist. This is an encouraging thought, but what it does imply is that they will continue their attempts at world domination through economic devices. For example, the Russian government dedicates its energies toward the production of goods that can be used to promote Communist influence throughout the world, and this often is at the expense of her own people's interests on the consumer level. Even agricultural procedure is evidence of this plan, as with production methods well behind those in our country, and the Soviet people poorly fed by comparative standards, often grain is strategically placed in foreign markets as a show of economic strength. A recent study by a group of American visitors to the USSR revealed some interesting comparisons between farming in that country as opposed to our own. To begin with we should realize that they are less advanced than we, as their State is in control, and incentives, such as we know under free enterprise, are lacking. Additionally, technique has been much less emphasized until recently, so that their methods in some cases are not very much advanced beyond the primitive state. About 50% of the wheat grown in Russia is on newly developed land, where soil tests indicate the better productive results. Since their climate generally is colder than ours, the growing season is shorter, and the average rainfall per year is only 11.8 inches. The old breadbaskets of the Ukraine and Northern Caucasus are being shifted more into corn and high protein crops. American methods of fertilizer usage are being employed and harvesting equipment is styled after that of our country, though not as prevalent. Transportation often is still in the horse and wagon stage but storage space is of bin and flat variety comparable in per unit size to much of that in the U.S. but over-all, there is a great shortage. Cleaning and dusting collection is emphasized, especially insofar as milling and export wheat is concerned.

The Soviet feed industry is well behind our own, largely because of nutritional and transportation lags, and their beef, dairy, and poultry production likewise trails the U.S. but concentration is expected to increase the per capita availability of these foods at the expense of wheat. Nevertheless, the output of this grain will be maintained as population expands, as well as a desire to try to build up a reserve supply. Evidently the Russians use wheat as a feed to a much larger degree than we do. If that country meets its grain production goals, it will be an important factor in world trade in the years ahead, although this may be some time in occurring.

Last week exports of soybeans amounted to almost 5.7 million bu, which compares with 8 1/4 million bu during the comparable week in 1959, which was a record amount. This reduces the lead over the previous year, but since October 1st, clearances are still 3.7 million bu greater, and the USDA has forecast shipments for the season at least as large as the 140 million bu sent abroad last year. There might be fairly large deliveries on January contract of beans, as Chicago stocks are plentiful, and perhaps some liquidation is yet to come as a result. If there is going to be a close adjustment between supply and demand, we would assume that the stock of this commodity in our market eventually must be used. When and if that does occur we would expect futures to respond. Some red wheat is leaving Chicago for shipment to the Gulf for export.

December wheat sold in new high ground, and deferred months were better supported on the theory that the red wheat carryover will be small next July. For that reason Chicago receipts seem to be wanted. New crop months did very little, but fall planting is about completed with soil conditions generally excellent. Meanwhile cold weather keeps feed grains firm, but the cash corn market in Chicago still is at a discount, and we would recommend caution following bulges of this cereal. As a matter of fact after the 5¢ improvement of the past couple of weeks, reactions might be expected.

Wheat primaries were twice as large as a week ago at 967,000 bu, and compare with 729,000 bu last year. Kansas City and Minneapolis stocks have decreased over a million bu so far this week. An improvement has occurred in farm selling in Kansas and adjoining states to a moderate degree, but most sales are for payment in the new calendar year. Soybeans had a good undertone and we note that the open interest was enlarged by 3 million bu again yesterday to a total of 211.4 million. Rye also rallied confirming our belief in its merit at this level.

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CHICAGO, 4 December 8, 1960

In 1917, the average U.S. family of four persons had an income of $1,400. At that time 78% was spent for basic needs, while only 22% could be used for voluntary purchases, such as luxuries and conveniences, including cosmetics, tobacco, travelling, and entertainment. Today the situation is vastly different. The same-sized family has an income of $6,500 and as the income climbed, a steadily rising proportion went for the amenities of life, so that now only 50% is used for basis needs, while the other half can be used more sumptuously either to buy a boat or a better house. This would indicate rather clearly how our living standards have risen, and it sets us quite apart from Russia, where almost all of a person's income is required just for living costs.

Here at home the consumer and not the producer or vendor dictates the volume and flow of production, by his own decisions as to what he may want. In modern times our economy is mostly free, but we have had periods during the wars when price restrictions were enforced, and, notably, the OPA tried to hold prices within reasonable bounds, which was not far different from the days of the Rulers of the old Kingdom of Egypt more than 4,000 years ago when they attempted to bring about some degree of stability because no civilization can hope to survive much less prosper if prices are based on greed or some other distressing situation, such as famine or political war. At such time, our whole commerce is jarred, and it requires prompt and strenuous action by regulatory agencies. History records that during the Middle Ages and during the Reconnaissance Period, both the heads of church and state tried to check price rises on basic foodstuffs and other necessities of life. However, like their predecessors, they were treating symptoms rather than causes.

If it is our desire to bring about a better relationship between the farmer and the laboring man, and if we try to institute a program of giving the producer a higher parity level than is warranted by economic conditions, we must always be mindful of repercussions which throw our whole economy out of gear. Unfortunately, sight was lost of this important fact when we tried to legislate a higher level for basic commodities only to have the resultant problem of unwanted surpluses. Even the great efforts of government to export these unneeded products have not brought about the proper balance, so that today we have a larger inventory of goods on hand than was ever amassed by any nation that attempted artificial stimulation. It was only in the past 150 years in free nations such as ours that man was able to develop an economic system which liberated him from arbitrary action in the price area, and which at the same time provided the means to fill his many and diverse needs. It would, indeed, be a calamity if through arbitrary action we reversed this formula.

Before our market opened this morning, traders were reminded that as we go into the month of December, there is the adage that he who is short over the holiday period generally does not enjoy his Christmas holiday. This is due to the fact that we are in a period when selling on part of farmers generally subsides. Accordingly, we may be headed for a few weeks when the market could be more susceptible to domestic or export buying. There was a follow-up to yesterday's barge business from Chicago to the Gulf, with more red wheat loaded from our terminals. We figured there has been a total of about 242,000 bu recently shipped from here, which also adds to the strength of nearby positions in wheat, lending credence to the idea that we may have rather small stocks remaining in this market by the end of the season.

Primary receipts of wheat were 732,000 bu which was much the same as both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.4 million bu.

Trade was not too active. December wheat was strong again, and we think that this will finally have more of a bearing on March than on the later months. Algeria bought 11,000 tons of red wheat via the Atlantic, and there were also some purchases of hard wheat by Germany. The UAR was said to have bought a fairly large quantity of flour. Oats were rather reactionary in spite of the fact that several barges had been moved from Chicago to southeastern destinations. Corn was also a little lower. Beans were without much trend, but closed lower. The fact that meal recovered at times kept the market from becoming weak, but there was no encouragement from soybean oil which was a shade lower.

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CHICAGO, 4 December 9, 1960

We have heard talk to the effect that three prospective candidates for ecretary of Agriculture have turned down the job because of the complexities of he situation. We would be more hopeful in regard to a solution, but at any rate, we ave a few ideas which we think might be practical. Take for example wheat, which dmittedly is the number one problem. Surplus extension has resulted in supplies dequate to carry us more than one full crop year both domestically and for export, nd still have a safe reserve assuming not an additional bushel were raised. Frequently we have advocated the merits of a direct subsidy payment to the farmer, which would allow him a market price for his grain, plus some government money or a combined total return equal to reasonable parity possibly 100% based on present standards. This would be for his percentage allotment of wheat grown for the purpose f domestic consumption. Whatever else the farmer chooses to raise can be offered ompetitively to exporters who, even now, qualify for government subsidies. Whatever wheat remains would have little more than a feed value thus discouraging overproduction.

We would guess that free market prices would respond to the point hat values often would be at a level that would necessitate little or maybe no subsidy payment at all, thus sharply reducing federal expenditures. Before any of this can be accomplished successfully, one major obstacle must be resolved, and that is the question of reducing the current excess stocks. This must be done so that they do not compete with annual output and at the same time this would lessen much of the arge storage cost borne by the taxpayer for grain that at times goes out of condition. This might be accomplished by wheat farmers sharply curtailing planting and obtaining government owned wheat in store in the form of a certificate equal to what they normally would have produced. The objective of such a program would be free markets without quotas, yet farm income could be protected. The $9 billion presently nvested by CCC in inventory finally would be reduced to an annual cost level well under the $4 billion presently needed for today's farm program. The entire problem is one of intervention. Were there no government interference there would be no problem and at worst only a question of agricultural income being maintained and hat through the above mentioned plan could be competently solved.

Farm selling in the Southwest has increased but the feature to most contracts is for payment after January 1st. Our market, on the other hand, remains firm as demand for red wheat seems quite keen and two additional barges were loaded here yesterday for shipment to the Gulf for export. The rate of all U.S. shipments since the start of the season is enough ahead of last season so that if this pace were to be maintained, there is a possibility of total clearances of nearly 600 million bu which would, of course, establish a new record by a wide margin. Evidently CCC stocks of corn total close to 1 1/2 billion bu, and as that agency likely will take on tremendous amounts impounded from this fall's crop, they could be active sellers in the months ahead. There has been some question as to whether here will be a large build-up of free stocks of this cereal in Chicago, and though he figure possibly might not increase substantially, we would expect that supplies will be readily available for commercial and export uses for sometime.

Primary receipts of wheat amounted to 837,000 bu which is the same as last week and only a little more than a year ago. Kansas City stocks decreased 1 1/2 million bu this week. When the visible supply is posted Monday, it will compare with a decrease of 986,000 bu in 1959 without reflecting the additional terminals.

With a better meal market and firmness in oil, soybeans rallied and even with commercial selling held rather well. Sentiment generally favors the long side of the market. We agree with this, particularly on the basis of expected overseas business. It must be remembered that the final crop report will be issued next Friday, and all assumptions are based on the most recent figure of 560 million bu issued early in November, and any changes would have to be given proper attention. Wheat futures remain very strong as a tight red wheat supply situation seems to be developing so that we would not care to be short futures at this time. Feed grains were indifferent with corn and oats somewhat lower though there was little feature.

UHLMANN GRAIN CO.

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CHICAGO, 4

December 12, 1960

It is somewhat ironical that we have to stress so often in these letters the farm surplus with its various ramifications. We say this because during sixty centuries of recorded history, man has suffered hunger and millions have starved. Empires of old broke up in crop failures and famines. Our people relatively speaking have always had plenty to eat but over the face of this earth roughly two-thirds of the people are living from the lands and forests but every night, despite their labors, two out of three members of the human race go to bed without proper nourishment. There is probably no nation in the history of civilization such as ours that has ever been so generous with its surplus foods and even today with one-fourth of our wheat exports going to India, we have probably prevented starvation in a country that was unable to take care of its own needs.

Here in the U.S. we have switched from an agrarian to an industrial nation, and almost every successive year the number of farmers who are tilling the soil are fewer in number. In 1850, the total of all goods and services produced was valued at $2.5 billion, one-third of which was in farm products. In 1960, this national production is about $500 billion, showing the tremendous advancement in our technology and in over-all achievements. Farm output today is twenty-five times as great as in 1850, but it accounts for less than 5% of the total national product. The impact of change which has taken place in this country has been felt fully as strongly in agriculture as in manufacturing, mining, transportation, and other industries. Both the efficiency and the productive capacity of farming have risen swiftly. With less than six million farms, the nation fills all of its agricultural needs and generates a substantial surplus, which is only too well known to those who are trying to combat the farm problem.

Before our market opened this morning, we had reports of heavy snows along the Atlantic seaboard, and, in fact, most of the eastern markets had a delayed opening because of heavy drifts and bad roads. There was, however, some moisture also in the form of snow along the lakes but it became heavier in central and southern Illinois and extended to Kansas and Oklahoma. This, of course, is all beneficial for the winter crop and should give a protection from cold weather if temperatures drop. Wheat offerings in the Southwest have increased and mill demand is slower. However, ordinary and low protein hard winter wheat is maintaining its basis although medium and higher proteins are selling a little slower. We found that more red wheat had been ordered out of Chicago with about 120,000 bu shipped by barge, all of which indicates that the supply of red wheat locally may be cut to very small proportions before the next harvest.

USDA calculates that the balance of wheat left for export or carryover as of December 1st amounted to 2,105 million bu vs. 1,940 million bu a year ago. This is after full allowance being made for feed and seed for the entire season. Thus we have no shortage of wheat in this country, and in fact, we look for an increased carryover at year-end but again most of it will be in government stocks, so that pressure on the market may still be light.

During the week wheat stocks in Chicago decreased 1/2 million bu leaving 10 1/2 million including that which is afloat. Corn increased slightly to 23.6 million bu, while demand for oats caused a decline of 663,000 bu, and we now have 6.3 million bu including some of this grain which also is afloat. There was a small decline in rye supplies locally to 2.8 million bu while soybeans decreased a net 585,000 bu leaving 13.7 million in our market. This latter commodity was quite strong with buying early in the session predicated on the firm undertone in meal. That particular product was higher on the basis of cold weather and snow in the East, and the American Soybean Association mentioned that Japan would increase imports for the December-March period by about 20% over earlier planned requirements. The same source mentions that Spain intends to take larger amounts of soybean oil to be used more by itself rather than in mixed form with olive oil, which has been the practice.

Corn also traded at a higher level during the morning without much feature. The CCC has sold 12 million bu of this cereal domestically since October 1st, which actually is less than a year ago, but export sales are larger. Wheat was without much feature as flour business has been slack, but prices held rather well. Short covering featured higher prices in rye.

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CHICAGO, 4

December 13, 1960

Over the years farmers have been plagued by many natural enemies, including weeds, insects, and weather. Periods of drought have resulted in a heavy toll, but eventually all of these obstacles have been overcome. Today the farmer's need is to be saved instead from his "friends," the politicians, who have created a problem beyond the ability of any one or all farmers to solve. Never in agricultural history has such scientific and technical advancement taken place as in the past 15 years. Machinery has tripled, and concurrently farm costs have skyrocketed as these modern gadgets along with fuel and power which formerly was supplied in large part by horses and mules are expensive. Income has been more dependent on things farmers must buy and costs have advanced more rapidly than receipts. Legislative programming has not fully taken this into account. For example, at one time Americans consumed 6.4 bu of wheat per capita annually versus 2.4 bu per person today. There has been encouragement to produce things we do not want instead of things that are needed. In other words, this is a new era requiring a fresh approach. While farm income in the U.S. has declined, the income of each farmer has risen because with modernization we have witnessed commercialization or an increase in the individual capacity to step up output and efficiency. About 47% of our farms produce 90% of all agricultural crops commercially marketed. The majority are mostly self-sustaining or else part-time tillers of the soil who need help only in a very minor way through federal aid. 53% of agriculture is non-supported and the majority of these people raise livestock and its products, and they have fared nicely through free markets, so it is a shame that the balance of this "industry" is not permitted to operate in the same manner.

Temperatures are expected to moderate somewhat in the next few days, but a good feeding year is expected due mainly to excellent ratios resulting from cheap feeds. Nevertheless, corn will be available quite readily from CCC stocks so that price improvement could be slow to develop. We have more confidence in soybeans assuming Friday's government report does not show a substantial revision as supplies by next September could be barely adequate to cover commitments assuming exports are maintained. In the meantime, Chicago stocks are large and might circulate on delivery during the month of January, but we feel that processors, as well as exporters, will wish to keep supplied as the season progresses. Though the government has small stocks of this commodity, they sold about 3/4 million bu originating in Iowa last night at a price equal to $2.25 delivered Chicago, as well as some beans at country elevator points at a level just under $2.00. There has been some comment as to the possible size of next season's bean crop, and some in Illinois are predicting an increase in acreage of 5 to 10%. This is not necessarily agreed upon by others in the soybean belt, but assuming old crop values improve, this should encourage a larger acreage, suggesting the possibility of the purchase of nearby months versus the sale of September.

Another barge of wheat was loaded in Chicago, bringing the total of red wheat loadings the past week or so to nearly 1/2 million bu. This grain will move to the Gulf for export. As we have mentioned recently, southwestern farmers have sold fair quantities of wheat for payment after January 1st, but this might be small in comparison with what is expected to be offered during the last week of this month, and after the New Year begins. Export inquiry is still rather good while overseas flour sales have been small. The visible supply of this grain showed a decrease of 7.6 million bu, leaving 76 million more than a year ago.

During the week free stocks of wheat in Chicago decreased by 1/2 million bu, leaving 10 1/2 million. Free corn increased 301,000 to a total of 6.7 million. Wheat primaries were 762,000 which is just about the same as last week and last year. Kansas City and Minneapolis stocks have decreased 408,000 bu so far this week.

Prices were lower across the board with trade on the quiet side, and no particular news except possibly that some profit taking occurred after the firm markets the past week or so. Wheat declined, and soybeans reacted with oil lower while meal prices were fairly steady. Otherwise there was little reason for the decline. Interestingly, cash soybean meal prices are equal to the board for the first time in months. The Chicago corn-hog ratio as of December 10th was 17.6 vs. 18.6 the previous week and 11.1 a year ago.

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CHICAGO, 4

December 14, 1960

Inflation has never been helpful to any country, and, indeed, ose people who have been on fixed incomes or institutions with endowments alays suffered. It is sometimes thought that if prices rise, business concerns make rofits on their inventories, or at least find it easier to sell goods before restockg, which makes it necessary to raise prices. Even this is not true as we shall y to point out. Businessmen generally do not want a rise in the price level. First f all, their customers protest, and, secondly, profits suffer. Income may go up ut as the experience of the last three decades shows, income is a poor index of rofitability. In the 1920's a manufacturer could expect to retain about 6¢ in profit rom each dollar of sales. Today, he does better than average if he keeps 4¢ on the ollar. Rising costs and increasing competition have squeezed down the profit marin and the producer's area of discretion in pricing has been narrowed.

We should point out that in the general price advance of the ast three decades, the pay gains have gone up faster than prices; also that the orkers of America are getting better value for their money today than was formerly e case. For example, in 1929, 500 hours of work bought one refrigerator, while day it buys three refrigerators; moreover, the present models are more efficient, onvenient, and better styled. In 1929, 21 hours of work bought one dress, while day the same number of hours expended will purchase three dresses, and again day's models are made of new fibers and improved styling. In 1929, 10,000 hours f work bought one house, while today 10,000 hours of work will buy 1 1/3 houses, nd a modern home has a good deal of mechanization, but with the great amount of abor needed for construction, there has been a lag in this field as compared with ost others.

Agriculture seems to be in a field more or less of its own. The reat increase in population has been offset by farm mechanization and efficiency, nd we still have many surplus problems, which are likely to continue for some time, articularly in wheat. Therefore, unless we undertake a major revision of our omestic price programs, subsidies are likely to be required even on commercial xports to bridge the gap between the domestic and the lower world price. Finally, lthough in the distant future, the increase in population may solve some of our probems. By 1965 there will probably be 10% more people in the U. S. than there were 1959, and the composition of this larger population will differ from today's makep, with more heavy-eating teenagers, although there will also be more people in e older age groups. If we look at our food consumption of the past 25 years, we ill see that the total number of pounds of food consumed per person has remained bout constant. However, along with some nutritional improvement there has been substantial upgrading in the eating quality of foods in the average consumer diet. e now eat more meat, more poultry and eggs, and much more processed fruits and egetables than we did a quarter of a century ago. However, we consume less cereals, resh fruit, and fresh vegetables per person than we did at that time. Our consumpion of fats and oils, which includes butter, also sugar, showed a decline during orld War II but for the last several years the per-capita consumption of these foods as held constant at the same level as prevailed during the prewar years.

Primary receipts of wheat were only 645,000 bu which compared ith 967,000 bu last week and 462,000 bu last year. Kansas City and Minneapolis tocks so far this week show a total decrease of 499,000 bu.

Trade was only moderate, but wheat recovered easily from arly weakness, and the December future was strong. It seems that another two arges were loaded from Chicago for Gulf destination. This comprised 93,000 bu, nd brings the total to 585,000 bu in the past week or ten days. The wheat has all een grading No. 1 and No. 2 red. Soybeans were weak early but showed recuperaive power before the last. The soybean exports for the week were 5.6 million bu, hich was a little smaller than last year, but the season's total is about 3 million reater since October 1st. Oil was a little weaker and apparently on some technicality business to Spain has been delayed, but offers we understand will be submitted gain next week. Meal, on the other hand, was quite firm. There were some subidies on rye accepted. We hear that Spain will be in the market for a large quantiy of wheat next week, some of which may be red. Meanwhile reports from the outhwest tell of smaller farm selling although it is still moderate.

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CHICAGO, 4 December 15, 1960

It seems likely that we might have smaller crops after 1961, especially insofar as wheat is concerned. Despite the cost involved, efforts will be made to reduce production and at the same time try and bolster farm income. This sounds like a big order, but maybe it can be accomplished, at least it would appear as though the first step must be to reduce reserves through some sort of land retirement program. For the year 1960 farm income will be about $11 1/2 billion, which would be more than $1 billion greater than had been estimated at about this date last year. If this is true, it would even exceed net income of farmers in 1959 and will result in part from higher hog prices which were offset by somewhat lower return from feed grains. While the wheat level stayed rather steady, the fact is that production of these cereals increased and brought farmers more money for the additional bushels they were able to market. A new year will begin shortly, and the outlook is similar to the one presently ending as production costs should not vary greatly, and output might be about the same assuming growing conditions are fairly normal. The minimum loan has been established for wheat equal to 1960, and can rise slightly basis parity, otherwise we would hope that the next Secretary of Agriculture will leave the program for next summer's wheat crop as it now stands. Any discussion of farm income should be on a comparative basis as the net return has declined from the high of $17 billion in 1947 to the present figure while gross income on balance has remained fairly steady. In other words, expenses have increased and though receipts have lessened in value, production has expanded.

Yesterday's discussion of soybeans by a University of Illinois economist touched on points recently made in this letter. That is, he expects soybeans to sell higher as the season progresses as inroads are made into existing supplies. We have mentioned Chicago stocks of beans which are large, and notice that nearby months gained slightly in the past few sessions. If we are to have a small carryover, supplies in Chicago must be pretty well used and, when and if an indication of this occurs, then we would expect the market to respond. A small carryover next October is expected on the basis of November's official crop estimate of 560 million bu, which figure will be subject to revision in tomorrow's government report.

Weather is hardly a factor now as crops are virtually harvested although the Illinois crop bulletin states that there are a few northern sections of Illinois where 10% of the corn remains in the field. Winter wheat seeding was completed ahead of average with conditions generally favorable. In Nebraska some moisture deficiencies exist in some areas while Kansas benefited from rains and snows over the weekend with more needed in the western areas of that state. Another barge of red wheat was loaded for shipment to Louisiana, bringing the total to 662,000 bu. Some flour was sold for overseas shipment, and Poland took a million bushels of hard wheat. Other business is pending so that the export outlook remains favorable. Farm selling has slackened once again.

Poland also was reported to have bought 14,000 tons of red wheat for January shipment, and the U.A.R. is expected to buy some of the latter variety so that signs continue to point to a good demand for this grain. There was little commercial activity in the wheat pit so that much of this might have been anticipated, and prices finally reacted.

Corn tenders caused a lower opening, but a rally occurred and evidently there is an excellent demand for cash corn in Chicago, so much so that it can be bought for shipment to Iowa as this is the cheapest market. Farmers have their crop pretty well stored and are reluctant to offer it, particularly where it will qualify for the loan. A large amount of meal also was tendered, but the greatest percentage was stopped by a processor, allowing this product to move somewhat higher again. Beans were hardly steady with the oil a shade lower, but activity has tapered until tomorrow's report is released. There is no way of guessing what this figure will show except that many of the Board of Trade members seem to feel a slight increase is probable, yet even if this is true, higher prices could be in store later on the basis of expected export demand. Oats improved at the close.

Primary receipts of wheat totaled 746,000 bu, unchanged from last week and only a little more than on the same date in 1959. Kansas City and Minneapolis stocks decreased 624,000 bu so far this week.

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CHICAGO, 4 December 16, 1960

It will probably be no great surprise to any of our readers when we tell them that the U.S. is the world's largest exporter of farm products. In the year about to close, we will have supplied 17% of the world's agricultural volume. The output of 57 million acres (1 acre of every 6 harvested cropland) moved abroad. U.S. exports of this calendar year established a new record in quantity, and were second highest in value. Of the $4.5 billion exports in fiscal 1960, $3.2 billion moved commercially for dollars and $1,3 billion moved under government financed programs. As is well known, with the export programs for wheat, cotton, and feed grains, as well as some other commodities, holding domestic prices above a world level, it is necessary that CCC make export payments in cash or kind, which is by way of subsidy or else they sell their stocks at less than domestic market prices, so that these products may compete in world markets. Of the $4.5 billion exports, $2.2 billion moved in this way. Thus our export business has become a big industry, and in moving goods to other countries, an average of 10 ships a day weighed anchor.

We mention this in some detail because it is an anomaly that while we are the world's largest exporter of farm products, we are at the same time the second largest agricultural importer. We run only slightly behind the United Kingdom, the world's number one importer of agricultural commodities. The U.S. has accounted for about one-sixth of world agricultural imports in recent years. Few people realize that while we send about $300 million worth of farm products to Canada every year, we import about the same amount of agricultural items from them. In the five years (1955-59) agricultural imports averaging $3.9 billionwere 31% of total imports. In the fiscal year 1960, the agricultural total of $4 billion was 26% of the over-all total of $15.3 billion. One of our largest imports, of course, is sugar, valued at about $507 million, and previously this came mainly from Cuba and the Philippines. Surprisingly enough, we imported this season $208 million worth of beef and $110 million worth of pork. We have taken from other countries 629,000 head of cattle and at the same time have imported $171 million worth of vegetable oils and oil-bearing materials. Our tobacco imports amounted to about $115 million and our apparel wool imports $95 million. Space does not permit the detail on the quantities of coffee, crude natural rubber, cocoa beans, bananas, and a host of other smaller items. Altogether then, both our farm shipments and our imports make up a large part of the foreign commercial business.

During the week our wheat and flour shipments were a little over 7 million bu, and since July 1st, have totaled 250 million vs. 178 million last season. We were also a heavy exporter of corn during the week, with nearly 7 million bu placed afloat. However, the total since October 1st is only about 4 million larger than a year ago. Another two barges of red wheat were moved from here for Gulf destinations, bringing the total in the past two weeks to 784,000 bu. According to Broomhall, more wet weather in Europe retarded fall plowing and planting and an official French report claims that only 40% of the wheat acreage has been sown as compared with that planted a year ago, but it may be possible to seed until mid-January. Weather in Italy is improving after frequent rain interruptions.

Primary receipts of wheat today amounted to 898,000 bu which was slightly more than last week and compared with 607,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 658,000 bu. The wheat visible when it is published next Monday will compare with last year's shrinkage of 3.7 million bu. Of course, last year's figure did not reflect the additional terminals that have been added.

Trade started off moderately, but later in the session there was some improvement when the former governor of Minnesota, Mr. Freeman, was named Secretary of Agriculture. This brought some buying into the deferred months on the possibility of higher supports for next summer's crops. We heard that 6,000 tons of soybean meal had been worked to Japan overnight and that the balance of 14,000 is expected to be worked sometime next week. Brazil bought 2 million bu of hard wheat in barter for diamonds and manganese. Israel bought 750,000 bu of beans for early January shipment, and the UAR received authorization to buy 3.7 million bu of wheat here. After the close we shall have the government report. The soybean acreage for beans according to the July report was 23.6 million acres, and it will be interesting to see if there is any change.

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CHICAGO, 4

December 19, 1960

The final 1960 crop report was issued Friday after the close, showing that total U.S. production was a record for any country in a single year. Output was 3% greater than the previous high of 1958, and this occurred on the smallest acreage (329 million) since 1916, which is proof of the technical advancement taking place in American agriculture. Following a relatively late planting season, weather in most cases improved during the maturing stages of crop development, aiding very high yields of most grains. More attention focused on soybeans because we have the possibility of a crop being almost entirely used during the season, thus giving conditions for a potential bull market. A small reduction was announced from the November report, so that final output amounted to almost 559 million bu, which compares with 533 million the year before, but is less than the 1958 banner return of 580 million bu. The national average yield of 23.8 bu per acre was fractionally better than the preceding year, and, interestingly enough, seven major states raised 444 million bu, comprising 79% of the national total. It now appears probable that we will have a very small carryover, as total supplies last October 1st of 582 million bu could all but disappear if any increase develops over the 1959-60 usage. Crushings should be maintained, while there is some thought expressed that exports and seed requirements might enlarge somewhat, creating a very definite tightness in supplies. We, therefore, feel that prices eventually could work higher and recommend purchases of this commodity on any setbacks.

Feed grain tonnage was established at a new record level, 3% greater than the preceding year, with increases registered for corn, sorghums, barley and oats. In regard to the yellow cereal, an unprecedented yield per acre of 53 bu was announced vs. 51.3 in 1959, and 41.6 the 10-year agerage. Oat output of 1,162 million bu was about 10% below average even though the number of bushels was about one-tenth greater than last year, grown on the smallest acreage since 1887, but along with other grains showed quite good yields. There was little change in the final wheat figure of 1,363 million bu, which was the second largest crop this country has raised but one-fifth more than the year before, and nearly 25% above average. Most of the increase came in winter wheat, while production of spring was below normal. By the way, the first bushel-production report for 1961 winter wheat will be announced after the close tomorrow. We should also mention that rye output was estimated at 32.1 million bu, exceeded only by the 1942 crop.

At the opening marketswere influenced mostly by Friday's report, with soybeans firm along with meal and oil, which were bought by shorts before grains opened. An additional 2 barges of red wheat were loaded for shipment to the Gulf, bringing the past two-week total to 884,000 bu and December has been strong, reflecting this export demand, with tomorrow the final day of trade in current contracts.

During the week, stocks of wheat in Chicago decreased 591,000 bu leaving less than 10 million. Corn increased 731,000 to 24.3 million, most of which is owned by the CCC. Oat supplies decreased 435,000 bu and including those afloat total 5.9 million. Local supplies of rye still amount to 2.7 million after a small decrease, while local stocks of beans increased on balance to a total of 13.7 million bu. The latter commodity remained strong during the morning with buying rather general as a result of the official crop estimate. Feed grains showed little response, and prices were mostly unchanged except for nearby oats which were firm.

Wheat declined with concentrated selling in the nearby, and a good deal of this may have to do with evening up before tomorrow's expiration. New crop months were lower in sympathy, but even though fall planted acreage is in generally good condition, prices are enough below the loan so that there seems to be little risk in owning new crop months of this grain. Flour demand is slack, but mills are bidding more vigorously for hard wheat in the Southwest. Evidently some overseas business is contemplated between now and the end of the year. Some smaller lots of soybeans and corn were sold for export. Broomhall comments that wheat harvesting has been delayed in Argentina due to wet weather, and the crop outlook for this cereal is unfavorable with less than average quality, thus reducing that country's roll in the world market.

UHLMANN GRAIN CO.

[illegible]

The final 1950 crop report [illegible] lint [illegible]

[illegible] greater than the previous high of [illegible] and this [illegible]

[illegible] compared with [illegible]

[illegible]

[illegible] a very [illegible]

[illegible]

[illegible] were [illegible] 102 million [illegible] greater than last year, grown on the [illegible] were higher [illegible] total [illegible] 1 [illegible] million [illegible]

[illegible]

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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN EXCHANGE
CHICAGO MERCANTILE EX.

CHICAGO, 4

December 20, 1960

In a fast-moving world such as we are living in today, almost nything can happen. With the admittance of so many African nations into the U. N., e seem to be coming somewhat closer to the recognition of China. While this leter is not intended to make any forecasts, we should like to point out that 25% of the opulation of the world lives in China, and in a score of years or less it will be near-r half the world's population. Therefore, there is some doubt in our mind whether e can fail to permanently recognize such a colossal part of the world's people, ven admitting that we of the West want no part of the political and economic philos-phy that governs their country. The present rate of progress is beyond descrip-on although they still have a million miles to go before the masses have a sem-lance of a decent standard of living. The net population of that country is increas-ng at the rate of 20 million per annum, or 38 per minute, and if one can picture a ature nation of 1 billion people becoming more skilled, educated, industrialized, nd with a capacity for work, it may be that we shall finally have to revise our ideas s to the proper treatment for such a large segment of the earth's peoples.

Just how face is to be saved, in view of our antipathies is still staggering problem, but gradually a few of the nations that have been adamant in heir trade with China are beginning to be tempted by competitive forces and the act that there is a legitimate trade that can be done there. Some of the other west-rn people are already getting it. We mention all this merely in an exploratory way ecause of the great possibility of finding new outlets for our agricultural products. he task will not be easy for China is a Socialist state with a managed economy, ad-ering to the teachings of Karl Marx with some modifications to meet Chinese real-ty. The state is supreme and man is merely an instrument of the state with no eal freedom existing.

Before our market opened this morning, there had been some eports of snows over the Central States but not too much elsewhere. This is all eneficial for the winter wheat crop, and as a matter of fact after the market closes oday, we shall have an official estimate of next summer's probable wheat and rye roduction and indicated condition as of December 1st. The chances are that we hall have a somewhat smaller rye crop owing to the fact that prices were low at lanting time for winter rye. Apparently another large wheat crop is probable. The uly 1, 1960 carryover of wheat amounted to 1,313 million bu and was only 18 mil-ion larger than on July 1st a year earlier. Even with record exports likely during he current season, we shall probably have more than 1.5 billion bu wheat on hand ext July, or an increase of more than 200 million bu over this year.

In spite of all this we are not bearish on the market. There is nough wheat tied up under loan and a sufficiently large quantity of red wheat going or export that we can rather picture a very close adjustment between now and next ay. There was an additional 89,000 bu of wheat shipped by barge from Chicago to he Gulf, bringing the recent total to nearly a million bu. All of this wheat has been rading red. Rye exports are rather disappointing but it is significant that on a com-nodity which sells for about $1.10 per bu, we have to grant an export subsidy of 4¢ to bring the price down to competitive levels.

Primary receipts of wheat were a little over a million bushels oday which compared with 762,000 bu last week and 664,000 bu last year. Kansas ity and Minneapolis stocks so far this week show a total decrease of 159,000 bu. The visible supply of wheat for the week decreased 6.6 million, but is still nearly 73 million larger than last year. The corn visible increased 4.8 million, and we ave 24.4 million more on hand than a year ago. Beans decreased 705,000 bu leav-ng 47.0 million in various positions versus 34.8 million last year.

Markets were fairly active, and the open interest in various ecember contracts had been previously reduced but still December wheat went out very strong. Wheat was higher and there were three cargoes of red wheat sold o the U.A.R., of which two went via the Atlantic and one was Gulf. Regarding the panish business, offerings were very heavy totaling 1.6 million tons of red, hard and West Coast white wheat, but it may be a day or two before we know the results. orn was quite firm, but oats were lower. Beans continued their upward trend, and here was a little more help from higher meal prices although oil was lower. Flour usiness was rather quiet but little attention was paid to that factor. Rye closed igher.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 21, 1960

The USDA confirmed the fact that winter wheat was planted under rather ideal conditions and in reality reported an acreage increase over the previous year. A crop of 1,034 million bu is estimated as of the 1st of the month, compared with last December's forecast of 925 million bu, which after a favorable growing season enlarged to 1,117 million bu. The 10-year average was 840 million bu, or 17.6 bu per seeded acre annually, which is less than last summer's yield of 25.9 bu and the current estimate of 23.6 bu per acre. The Department said that farmers seeded 43.9 million acres which is slightly more than last season's plantings. There was little market reaction to this report, first of all as it was pretty much anticipated, and secondly because of the current level of new crop months in relation to the loan. As a matter of fact, old crop months have been very strong and continued their upward movement this morning following the expiration of the December contract yesterday at a premium, which is a very unusual circumstance for this time of the year. Deliverable stocks of wheat in Chicago amount to nearly 6 1/2 million bu and foreign red wheat business is pending including 3 cargoes that were sold to the U.A.R. for January shipment. Consequently, support of old crop futures might prevail as possibly very little wheat will remain in Chicago next June, and the red wheat carryover might, indeed, be quite small. If the present rate of overall exports is maintained, the final total could well exceed the officially projected figure of 550 million bu.

Included in yesterday afternoon's report was condition of rye placed at 87% of normal as of December 1st, which is very little better than last year and compares with the average of 83%. The seeded acreage figure is not quite 4.2 million, about the same as in 1959. Final output of both grains will be dependent on conditions during the spring.

Extremely cold weather is in store for a large part of the country during the next 5 days and this is helping feed grain prices which have had a somewhat better undertone this morning. Soybean meal has been strong and along with a higher opening in oil aided beans which seem to be in good demand. Cash corn also has strengthened in Chicago, and with much of the crop under cover country offerings are light which is normal for this season. Farm selling of wheat in the Southwest is moderate, but mill demand is much more active and along with export activity has created a stronger tone for hard winter premiums. Although yesterday was the first day in sometime that no barges were loaded with red wheat from Chicago, evidently there are some empties at elevators this morning ready to be filled with this type grain for shipment to Baton Rouge, La. for export.

Wheat primaries were small at 536,000 bu. This figure compares with 645,000 last week and is the same as a year ago today. So far this week Kansas City and Minneapolis stocks have decreased 168,000 bu.

There was still 640,000 bu of current wheat to be settled after trading ended in December yesterday. Other nearby futures expired with little feature, and with the exception of soybean oil, the open interest was mostly reduced to very small lots. Over-all open contracts in soybeans continue to increase, and now stand at 217.4 million bu, which is larger than at any other time, but there are thoughts to the effect that since farmers sold more of their crop at harvest-time than they normally do, a large portion would come under the hedge category. Markets were generally higher governed in part by the cold weather which influenced feed grains and the strength in meal carried over to soybeans, while now are approaching crop highs made several months ago. 17,000 tons of soybean meal were sold to Japan overnight, only half of the amount that was expected, which Spain bought 80,000 tons of red wheat giving further impetus to our market. As a matter of fact, crop highs were registered for both March and May wheat. We feel that on setbacks this grain can be purchased.

Argentine wheat production has been officially estimated at 150 million bu, which is smaller than private indications and compares with a good deal larger crops both last year and the year before. This should eliminate that country as an important competitor in the world market.

For the week ended December 16th, soybean exports amounted to 4.9 million bu, which compares with 4.2 million for the comparable week in 1959. The cumulative total since October 1st is 52 million, which is 3.8 million ahead of the same period last season.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 22, 1960

After the close of the market yesterday, the government came out with figures showing that 364.7 million bu of wheat had been placed under various price support programs including purchase agreements. This takes into account all wheat that has gone into the loan program through November. It compares with 270 million bu a year ago but with 472 million that was placed under loans two years ago at this period. In many cases our market is dependent to quite an extent on the quantities that are removed from commercial channels but this year it is a lesser important item for the reason that we shall probably have record exports during the season; furthermore, we are developing a very strong position with respect to red wheat with Chicago stocks declining more rapidly than usual. According to recent export shipments and quotas we may end the season with even a smaller reserve of red wheat than had been originally scheduled. All this, of course, has a direct bearing on the Chicago wheat futures market. In examining the last government report, which indicated a coming winter wheat crop of 1,034 million bu, the details are somewhat interesting, particularly as to the specific quantities expected to be raised in various parts of the country. For example, Illinois has a prospect for a winter wheat crop of 52.5 million bu as compared with actual production last summer of 46.2 million bu. On the other hand, Ohio is scheduled to raise nearly 10 million bu less, with Indiana about the same as a year ago, and Michigan a slight increase. Other estimates in the Central States are about in line with the season before. It is fortunate that Illinois may raise more wheat in view of the fact that Chicago stocks may be pretty well depleted by next June. As for the Southwest, Kansas production is forecast at 247.5 million bu compared with 290.6 million last year. The Oklahoma crop may be about 21 million bu less, while Texas may have a small decrease, but Colorado has a much poorer prospect than the year before, while Nebraska and Missouri are very much in line with last summer's outturn. Altogether it is too early to have very fixed ideas, although some people are recommending the purchase of Chicago July wheat against the sale of Kansas City, figuring that with the constant demand for soft wheat from abroad, red wheat will command a fairly satisfactory price in relation to the hard wheat.

Before our market opened this morning, crushings were published, and a record amount was shown: namely 36.7 million bu, which was an all-time record for any month, and the two months' total was 72.3 million, also a record. Soybean meal stocks increased 19,000 tons according to the Census Bureau Report but this should not prove alarming as the production of 851,000 tons was tremendous due to the large crush, and altogether a good disappearance of soybean meal appears likely. Farm selling of wheat in the Southwest was moderate but hardly as heavy as at the start of the week, and free supplies appear to be materially short of satisfying enlarged needs of both mills and exporters. This being the case, the cash market remains tight. There were no barges of wheat loaded at Chicago yesterday but several are in position to load, and it appears we have not yet seen the end of barge shipments from here to the Gulf.

Primary receipts of wheat are generally light just before Christmas and today they amounted to 625,000 bu compared with 746,000 bu last week, and 868,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 141,000 bu.

Trade was more moderate and flour business was of very small proportions. However, the mills are hopeful that there will be an improved demand after the turn of the year. The UAR bought 2 1/2 cargoes of West Coast white wheat, and West Germany bought a cargo of hard wheat for January shipment. Japan bought a cargo of corn for March shipment. Nearby wheat futures held well. Corn was rather firm, and issuance of the pig report did not seem to have much influence on this cereal. Most people construed the report as slightly bearish because they figured that with a very favorable feeding ratio between corn and hogs, farmers might have paid more attention to that factor. Oats were slightly lower, but there was no particular feature, and trade was quite light. There was an early decline in beans which was probably of a technical nature. The market has had a pretty good advance lately, but new buyersseemed ready to make purchases on setbacks, and it is still figured that before the end of the season weshall have a very close adjustment. A commercial interest was again a big buyer of the January future, and trade interests supported the deferred months on the break.

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CHICAGO, 4 December 23, 1960

Despite the fact that agricultural income during 1960 did not comare too favorably with some of our peak years, we still believe that the American armer may look upon this Christmas with a great deal of satisfaction. At the beinning of the season we had a good deal of adverse weather east of the Rocky Mounains, and it looked for a time as though shortages might occur here and there, but Providence turned the tables and favorable weather for maturity and harvest spurred early all crops to a bountiful outturn. Total production figures show that we had ecord-breaking results, and this was accomplished despite the fact that the acreage lanted or grown to 59 leading crops was cut to 329 million acres, which was about million less than last year and the smallest since 1916. Also, the loss of acreage etween planting and harvest was about one-third less than in 1959 and the lowest ince 1929. Records covering 32 years show only 5 years when losses were less han 10 million acres, and during this past season the difference between planted nd harvested acreage was only about 8.3 million acres.

Agriculture has advanced more in the past 50 years than in all the rior years of man's history. Agriculture and forestry produce about two-thirds of ur raw materials. The total investment in the business of agriculture exceeds $208 illion-- almost three-fourths of the market value of all corporation stocks on the New York Stock Exchange, or four-fifths of the value of current assets of all corporations in the U.S. Some of the $208 billion investment in agriculture is owned by urban people who have inherited or bought farm property. We have grown from a nation in which 1 of every 4 workers had to produce food, to a nation in which 1 farmer is efficiently producing food for 24. This is progress, the technological revolution in farming that has freed most of us from the labor of earning our daily bread by tilling the soil.

The fact that our economy has been fairly stable has also benefited producers because we are at the present time eating more beef, veal, lamb, mutton and pork, also more poultry and dairy products than we did 25 years ago. We often hear of the progress that is being made in Russia but in that country one agricultural worker produces for only 4 or 5 people, and it is still a fact that more than 40% of the total labor force of the Soviet Union works in agriculture and forestry, which is quite different from the records achieved here. If our farmers were no more efficient that those of the Soviet Union, 22 1/2 million Americans who now work in manufacturing, construction, mining, the trades, transportation, and other nonfarm business would have to produce food, clothing, and forest products.

If our population reaches 230 million by 1975, as is frequently predicted, farmers and ranchers may have to produce more heavily than they have during the past years. Statisticians have figures that we would need 16.3 billion lbs more of red meat to take care of that many additional persons. We would have to have 47 billion lbs more of milk and 20.7 million tons more of fruits and vegetables as well as 20 million more eggs. Such increases would be necessary if we are to continue improving our diets at the same rate as in recent years. There is ample evidence that technological factors will continue, and that we will meet our requirements without materially increasing the amount of land beyond the present scope of availability. In both industry and agriculture it has been the development of the machine, the application of science to the problems of production, and the investment of tremendous amounts of the capital that have created the abundance of today. As a matter of fact, it is only because there has been progress on the farm that the U.S. is able to devote so much of its attention today to industrial pursuits. Had America continued to use the agricultural tools and techniques of 1860, almost two-thirds of the population would still be working on farms. To make the prospect completely preposterous, the present population could be fed only by assigning more than 2 billion acres to farming--more land then there is in all of the Continental U.S., including mountains, deserts, and the land beneath lakes and rivers.

At the present time, both grain men and legislators are faced with the tremendous surplus conditions that have been fostered by an artificial method of price supports. It is, indeed, time for a complete change in our thinking, All efforts to hold commodity levels above their merit have brought disaster in every country that tried these varous schemes. The farm problem is basically a government-made price problem. Recognition of this fact is essential to a sound solution. It is imperative that we act before it is too late.

WE WISH YOU A VERY MERRY CHRISTMAS.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 27, 1960

The year 1960 is nearing an end with most agricultural statistics already in the record books. The new year holds more than the usual speculation because in addition to the natural forces that govern crop production, a new Administration almost certainly will alter many of the controls that rule planting and marketing this country's grain putput. The farm income situation has turned out even better than earlier estimates because of record production and though the size of crops cannot be ascertained at this date for 1961, a few factors are more readily determined. The demand for food and farm output will remain at their high levels, so that cash values attached to various goods should remain steady. Little change in farm costs is anticipated while interest and tax payments will be high as they were during the year now ending. The USDA thinks hog production, and eventually prices, will be affected normally by the favorable corn-hog ratio, which encourages expansion until later in the year when a greater number of animals might create a drop in values. Cattle and calf slaughter is expected to increase about 10% so that the total meat supply will reach a new peak. We have mentioned record feed grain supplies, which should mean slightly lower prices for this group, but fewer soybeans can result in greater fluctuations. Interestingly enough on balance, theAgriculture Department looks for an average level about in line with this past season. Firmness at times will encourage a larger planted acreage next summer in order to provide adequate supplies for growing soybean oil and meal demand.

The net worth of agriculture is expected to decline 3% for 1960, the first drop since 1953 owing partly to lower land values as well as farm debts, which will be fractionally higher. The long-term outlook is dominated by continued surpluses of major crops and much is dependent on President Elect Kennedy and his new Secretary of Agriculture, Mr. Freeman. The latter recently presented his view on a farm program before the House Committee on Agriculture describing his policy including among other things full parity, compensatory payments and acreage controls. Some think that Mr. Kennedy will initiate his own program as he once said that if the President's farm policy fails, he alone deserves the blame, not his Secretary of Agriculture. Between now and 1965 USDA experts project an 11% increase in total domestic use of farm goods due in large part to an expanding population and a continued rise in the living standard and diet. Foreign shipments could be up as much as 20% in 5 years especially if the government continues to promote "Food for Peace" as indicated. Even with new devices, surplus acreage probably will be equal to as much as 25 million acres of cropland, so all in all, the years ahead should be very interesting for the agricultural industry.

An additional 4 barges of red wheat were loaded out ofChicago late last week bringing the total to more than 1.1 million bu for shipment toBaton Rouge. Farm selling in the Southwest increased sharply in many areas with commercial users hedging this grain to a larger extent than usual, also the anticipation of further large sales after the first of the year. While Argentina will be less of a factor in the export market due to a small crop, Australia apparently will raise a larger amount than in any prior year, thus more than taking up the slack.

Chicago wheat stocks declined 576,000 bu leaving 9.4 million bu, all of which is free. Corn decreased to 24.8 million of which 7.9 is free. Oat stocks total 5 1/2 million bu following a small decrease, while beans decreased only a small amount to 13.7 million bu. Our soybean market ran into profit taking on firm spots following the recent strength as meal was lower while on the other hand oil was rather firm earlier. The American Soybean Association said that Spain rejected offers last week for U.S. vegetable oils, apparently because their immediate need is not pressing. Perhaps U.S. soybean oil is becoming over-priced in European markets in comparison with other oils, and they further stated that a substantial increase in the 1961 crop price support on beans would result in a big expansion in acreage, further affecting the value of the products. Adequate supplies of feed grains in Europe might deter from the demand for American meal even though the price is at the lowest level in several years. Nearby wheat reacted moderately but the tight red wheat situation projected for the end of the season could result in higher prices. We prefer purchasing this grain at around current levels. Corn exports during the first four months of the season total 1.7 million tons, slightly less than last year.

This is not a solicitation of any order to buy or sell but merely a current market bulletin, any statements of fact herein contained are derived from sources believed to be reliable but are not guaranteed as to accuracy, nor do they purport to be complete. No responsibility is assumed with respect to any such statement nor with respect to any expressions of opinion herein contained.
UHLMANN GRAIN CO.

The year 19[illegible] in the report books. [illegible] in addition to the [illegible] almost certainly will [illegible] this come over [illegible] for the year [illegible] cannot be [illegible] costs is anticipated. [illegible] during the year [illegible] will be [illegible] the total must [illegible]

[illegible]

[illegible] bringing the [illegible]

[illegible] a total 3 1/2 [illegible] The [illegible] market [illegible] increase [illegible] crops in Europe [illegible]

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CHICAGO MERCANTILE EX.

December 28, 1960

In virtually every field of agriculture, national policies have aimed to lower production, but we have found that more farmers have (in most cases) responded by using their best acreage to which they generously applied both fertilizer and techniques, and in many instances raised even more than had previously been acquired from the same acreage. In the case of cotton, as we have pointed out on previous occasions, we are now producing just about the same output today on 13 million acres as we produced a generation ago on 43 million acres. Cotton yields have increased from 197 lbs to 497 lbs per acre. The farmers record on efficiency is a complete story in itself, but suffice it to say here crop production generally is 56% higher than it was four decades ago, and one hour of farm labor produces four times as much food fibre and other crops as it did forty years ago. Thus it is not surprising that we have had the large increases in the agricultural field. Of course, this did not come about simply by wishing it so.

We have had an industrial revolution and farmers are spending more money today for fertilizers and machinery than ever before. Since 1945, the amount of all kinds of machinery and equipment used by American farmers has tripled. The machines are bigger and better, but likewise more expensive. Since World War II, the number of tractors not counting some garden tractors, has doubled, and the number of cornpickers on farms has quadrupled. To be successful, producers must keep up with this rapid progress, and the prices of things the farmers must buy have risen faster than the products he has had to sell, which has brought about a considerable squeeze.

Before our market opened this morning, there was not too much to guide it. We had had considerable liquidation yesterday in both wheat and in beans. This probably improved the technical position of the market, but as we pointed out before the opening, there was really no reason to change our views on the final outcome of these two commodities. We think that in wheat there is bound to be a continued outgo from Chicago, and, as a matter of fact, other barges with nearly 147,000 bu red wheat loaded here for Baton Rouge. This brings the total to 1.3 million bu a few weeks ago. The situation in beans is likewise one that could create a higher market, particularly as time goes on. The government is gradually getting out of its holdings, and the Evanston Office yesterday sold about 194,000 bu of CCC beans that were of Iowa origin. The price was $2.31 1/2, delivered Chicago. That Office indicated that with the possible exception of an oddlot here and there, their inventory supplies had been disposed of in the area under the jurisdiction of the local office.

Before trading in grain started this morning, locals had sold both soybean oil and meal, which gave us an irregular start, but this was followed by a feeling of greater confidence, and we had none of the heavy profit-taking which occurred yesterday. Line elevators in Kansas and adjoining states purchased smaller quantities of wheat overnight, but The Southwestern Miller mentions that there could be renewed heavy liquidation in the remaining days of 1960, and also in the early part of the new year.

Soybeans were erratic gaining strength late in the session, and recovered much of yesterday's losses. We notice that the open interest increased 4.9 million bu yesterday, and now stands at 224 1/2 million, which is quite large. Of course, if exports continue equal to or ahead of last year's pace, there is no reason to expect anything but higher prices. An article in one of the trade papers mentions that with a smaller pig crop, less of a demand might result for the soybean meal, and we have mentioned the fact that soybean oil is competing with other oils in foreign markets so that products have lagged behind the beans in recent days.

Wheat was firm and The Southwestern Miller says that mills will have a chance to offer large amounts of flour for acceptance through the CSS between January 3rd and 6th. On the other hand, domestic flour business is slack. Corn and oats both rallied, and the spot corn market in Chicago has picked up momentun of late, and is actually a premium over the March. Receipts are light. Rye, too, was higher, but less attention is paid to this grain with news lacking.

Primary receipts of wheat amounted to 743,000 bu vs 536,000 last week and 459,000 a year ago today. Kansas City and Minneapolis stocks have increased a total of 109,000 bu so far this week.

UHLMANN GRAIN CO.

[illegible]

[illegible] November 28, 1940

[illegible] production, but we have found that [illegible] farmers have (in most cases) [illegible] their best acreage to which they generally applied both fertilizer [illegible], and in many instances raised even more than the previous [illegible] the same acreage. In the case of cotton, as we have [illegible] restrictions, we are now producing just about the same crop at today [illegible] acres as we produced a generation ago on [illegible] acres. Cotton yields increased from [illegible] to [illegible] per acre. The farmers [illegible] complete story in itself, but suffice it to say here crop production generally is higher than it was four decades ago, and one man at farm labor [illegible] as much food fibre and other crops as it did forty years ago. This is not surprising that we have had the large increases in the agricultural field. Of course, [illegible] came about simply by [illegible] it so.

We have had an industrial revolution and farmers are spending [illegible] today for fertilizers and machinery than ever before. Since 1910, the amount [illegible] of machinery and equipment used by American farmers has tripled. The [illegible] are bigger and better, but likewise more expensive. Since World War I, the number of tractors, not counting some [illegible], has doubled, and the [illegible] of equipment on farms has quadrupled. To be sure, [illegible] this rapid progress, and the prices of [illegible] the farmer has to buy [illegible] faster than the products he has had to sell, which has brought about a [illegible] profit squeeze.

[illegible] our market opened this morning, there was not too [illegible] [illegible]. We had had considerable liquidation yesterday in both wheat and [illegible], [illegible] probably improved the technical position of the market, but [illegible] the [illegible], there was really no reason to change our views on the [illegible] of these two commodities. We think that in wheat there is [illegible] [illegible] from Chicago, and, as a matter of fact, [illegible] [illegible] and wheat loaded here for Baton Rouge. This brings the total to [illegible] [illegible] a few weeks ago. The situation in corn is likewise one that could [illegible] [illegible], particularly as time goes on. The government [illegible] [illegible], and the Evanston Office yesterday sold about [illegible] bu of [illegible] that were of Iowa origin. The price was $1.31 1/2, delivered Chicago. [illegible] [illegible] that with the possible exception of [illegible] were not [illegible] [illegible] supplies had been disposed of in the area under the jurisdiction of [illegible].

Before trading in grain started this morning, locals had sold both soy-[illegible] oil and meal, which gave us an irregular start, but this was followed by a [illegible] [illegible]. The elevators in Kansas and adjoining [illegible] [illegible] of wheat overnight, but The Southwestern Miller mentions that [illegible] could be renewed heavy liquidation in the remaining days of 1950, and also [illegible] part of the new year.

Soybeans were unable to [illegible] in the session, and [illegible] [illegible] of yesterday's [illegible]. We notice that the open interest increased [illegible] 1.9 [illegible] yesterday, and now stands at [illegible] 1.2 million, which is quite [illegible]. If exports continue equal to or ahead of last year's, more [illegible] [illegible] but higher prices. In [illegible] of the [illegible]

[illegible] have mentioned the fact that soybean oil is competing with other oils [illegible] so that products have lagged behind the beans in recent [illegible].

[illegible] and The Southwestern Miller says that mills [illegible] to offer large amounts of flour for acceptance through the [illegible] [illegible]. On the other hand, domestic bookings are [illegible], [illegible] and the spot corn market in Chicago has picked up [illegible] [illegible] a premium over the March. Receipts are light. [illegible] is paid to this grain with [illegible] lacking.

[illegible] of wheat amounted to 193,000 [illegible] 525,000 [illegible].

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
MERCHANTS EXCH. OF ST. LOUIS

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS GRAIN EXCHANGE
WINNIPEG GRAIN EXCHANGE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN EXCHANGE
CHICAGO MERCANTILE EX.

CHICAGO, 4 December 29, 1960

The soybean market continues strong with little help from the products, especially in recent days. This has discouraged some traders from entering, and they might finally be right. Of more importance, however, is the export situation, and with clearances of 4 million bu last week vs. 2.5 million in the comparable week last season, total shipments since October 1st amount to 56 million compared with 50.7 million during the same period in 1959. One of the reasons for the increase might be the fact that Chinese production evidently has been affected by drought conditions, thus creating a better demand for the American commodity. The Peiping government has admitted that the situation is the worst in 100 years with over half their crops damaged or destroyed. Since they are the only international soybean competitor of consequence, the export demand for both U. S. beans as well as products could be helped by this situation.

We can refer to statistics again showing a crop and carryover of 582 million bu. With crushings of 400 million bu, exports of 140 million, and seed and residual at 35 million, we would be left with a substantial carryover reduction next fall, and if exports are larger than this figure, as early season sales indicate, then a tight adjustment would occur. Presently meal and oil might be less attractive insofar as foreign demand is concerned, and are less competitive with other feeds and oils in various European countries. The open interest in beans is difficult to interpret except that much of it no doubt is in the form of spreads so that individual exposure is a great deal less than total commitments indicate. As of December 1st, the Census Bureau reports combined refined and crude soybean oil stocks at 446 million lbs, which is an increase of 80 million over the previous month, and also is more than a year ago. Total cottonseed oil stocks show an increase over last month, but are pretty much in line with November supplies in 1959.

Poor weather also has been experienced in Pakistan, and reports state that unless rain comes soon the harvest will be less than half that of normal years, and near famine conditions would exist in West Pakistan. That country is a large importer of American wheat. Broomhall in discussing the European Continent stresses unfavorable fall seeding so that in some cases acreages will be from moderately to substantially below last year at this stage. Where grains have germinated, often conditions are unsatisfactory as an extremely wet fall delayed fieldwork. In our country farm selling of wheat was moderate, and warehousemen look forward to increased offerings next week, which would permit farmers an income return in a new calendar year. An additional 3 barges of red wheat were loaded in Chicago yesterday for shipment to the Gulf, bringing the total to 1.4 million bu. Our market stays firm, responding to this reduction in local supplies.

Some attention might be directed towards rye which has done a little better lately though statistics do not necessarily favor higher prices at the moment. The seeded acreage is about the same as last year so that if growing conditions are favorable, another relatively large output will be gathered next summer. On the other hand, 3.3 million bu were impounded through November compared with .8 million of the 1959 crop by that date, and if exports to Europe are at all large, this might at least help maintain the current level.

Primary receipts of wheat amounted to 543,000 compared with 625,000 last week and 540,000 a year ago today. Kansas City and Minneapolis stocks increased 112,000 bu so far this week. The export relief flour inquiry is for over 2 million cwt to be offered next Tuesday for acceptance Friday. This is a record quantity, and comes at a time when domestic business is rather quiet though mills hope for an improvement when the new year begins. In the meantime old crop wheat stays firm though export business is for the moment rather slow. Some parcels of beans were reported sold for January shipment along with a cargo of corn.

Otherwise all attention was focused on the soybeans, and we had one of the strongest markets in years with prices advancing as much as 5¢ a bushel before reacting. The news was pretty much as mentioned above in this letter, and the long term outlook could be for even higher prices though after such a steady advance as has been witnessed, some reactions can logically be expected. The meal and oil did gain some but nothing to compare with the soybeans where most of the buying can be based on the export outlook for this commodity.

UHLMANN GRAIN COMPANY

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CHICAGO MERCANTILE EX.

CHICAGO, 4 **December 30, 1960**

Another year is drawing to a close. The wheat farmer had the second highest crop of record, and total production of 1,363 million bu was more than one-fifth larger than 1959 and nearly one-fourth above average. The corn crop was the largest in the nation's history and was the second one to exceed 4 billion bu. Our oat crop was a rather poor one but yet it was 9% larger than the previous year's small outturn and about one-tenth below average. This was due largely to the small harvested acreage of 27.1 million, which was the smallest since 1887. On the other hand, the yield per acre was nearly 43 bu and was one-fifth above average and only 1.6 bu short of the record 1958 yield. Altogether farmers had no reason for complaint because their total crop production taking everything into account was a record-breaker, and farmers know only too well that when this happens they cannot always obtain the highest price for their products.

Many blue ribbons were won for various crops. In addition to corn, there was sorghum, grain, rye, peanuts, tobacco, rice, cowpeas, velvet beans, sweet potatoes, and all hay, which set record high per acre yields, while a good many other crops had the second highest yields of record. Most of the improvement which we have had in agriculture over the years has stemmed from the fact that there is a better understanding of what fertilizers could accomplish when properly used, and then, of course, we also have had modern techniques and machinery which have all contributed to making agriculture an efficient industry. In the past twenty years, the average yield of corn has risen from 34 to 56 bu per acre, and the yield of oats has increased from 31 to nearly 45. Since 1947, which is only a comparatively short time ago, the yield per harvested acre of the four major grain crops combined: namely, corn, oats, soybeans, and wheat, has increased 37%. In the 7-year period, 1947-54, the use of nitrogen on corn, oats, and barley increased 208% and the application of potash rose 148%. In comparison tests run in 1954, the Department of Agriculture learned that a fertilized acre produced 23 more bu of corn, 19 more of oats, and 17 more of wheat than an unfertilized acre. It is not surprising, therefore, that the present generation of farmers has taken kindly to modern methods and this now extends to every phase of agriculture.

As an industry agriculture is now in a very strong position. Its total assets are up 300% above 1940. The value of farm land has increased by 400%. The average worth of a commercial farm is $135,000 and the average net income of commercial farm operators from farming is $7,200 per annum. As for that traditional indicator of trouble, the foreclosure rate, it was 16 per 10,000 farms last year. At the same time the comparable bankruptcy for all nonfarm business was 52 or three and one-half times higher. We know that there are still troubles amongst individual farmers, particularly the smaller ones, but as an industry, it, like many others in this country, should count its blessings.

WE WISH YOU A VERY HAPPY NEW YEAR!